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ITAR-TASS Carries Press Review for 6 Jun

LD0606060595 Moscow ITAR-TASS in English 0409 GMT 6 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, June 6 ITAR-TASS — Newspapers front-page materials on quake casualties in northern Sakhalin and on work to do away with consequences of the disaster. The Trud newspaper writes that 1,603 people were set free from under debris since the start of rescue operations in Neftegorsk. Out of the total, the lives of 406 were saved, while 1,197 were dead, including 182 children.

The army newspaper Krasnaya Zvezda reports that the working group of the Council on Military and Technical Policy of the Defence Ministry held a meeting on June 3. It was chaired by First Deputy Defence Minister Andrey Kokoshin and Chief of the General Staff of the Armed Forces Mikhail Kolesnikov.

The meeting discussed drafting a long-term Armaments Programme. Kokoshin stressed that unification and standardisation of armaments and combat materiel are among priority issues in the ideology of the new Programme.

The Izvestia newspaper claims that talk about sacking General Lebed, commander of the 14th Russian army in the Dniester region, Moldova, started prematurely. To all appearances, the fate of the general whose report on retirement from the Russian armed forces was signed by the defence minister, has not been settled completely.

Despite rumours, the Kremlin did not confirm information that President Boris Yeltsin was to approve the retirement on June 5, thereby, supporting his defence minister.

The president's press secretary Sergey Medvedev told Izvestia on Monday that there was neither the general's report on retirement, nor his personal letter to the commander-in-chief of the armed forces.

Newspapers concentrate on the situation in former Yugoslavia in their international sections. Izvestia carries an article entitled "New war between Serbs and Croatians may flare up at any time".

Although Bosnian Croats are not subordinated to Zagreb, Serbs are convinced that the Croatian government took the decision on the present offensive.

Serb Krajina leader Milan Martic declared a general mobilisation and threatened to inflict missile strikes on cities of the Croatian Adriatic coast, above all on Split and Zadar.

It is quite probable that Zagreb will be also subjected to new shelling, following which, the Croatian army is sure to mount an offensive on Krajina.

An Izvestia correspondent reports from Paris that Russia received a respite for payment of some seven billion dollars which it was to repay in 1995 to 17 creditor countries pooled in the Paris Club.

In 1993 and 1994, Moscow achieved a moratorium on payments of seven and 15 billion dollars, respectively. Thus, Russia managed to delay payments of 29 billion dollars over the three years out of the total sum of 36 billion dollars of state debts to the Paris Club.

Representatives from the Paris Club stress that creditor countries are ready to go even further. They plan to start talks with Moscow "to achieve an agreement on global restructuring of the Soviet Union's state debt".

The Rabochaya Tribuna newspaper puts the following question: "Why does the dollar fall?" The dollar's rate was, steadily although with some delay, following domestic prices. However, it stopped in April and even reversed the trend in May.

Is a long-awaited financial stabilisation coming? The outside reason for the dollar's fall is that the stiff monetary and credit policy increased demand for roubles. Commercial banks started selling dollars.

The Komsomolskaya Pravda newspaper reports an escape by Aleksandr Solonik, killer No. 1, from the Matrosskaya Tishina maximum security prison, who "rocketed to stardom" by liquidating such "godfathers" as Valeriy Dlugach (nicknamed Globus) and Vladislav Vanner (Babona).

Solonik, a former policeman and fugitive convict, was nabbed right after gunning down several people at a Moscow market last autumn.

The same newspaper features an exclusive material by ITAR-TASS from New York on Saveli Kramarov's disease. The actor who now lives in San Francisco, was hospitalised in a serious condition after a stroke.

Medvedev Explains Yeltsin's Stand on Serbs

LD0506121395 Moscow ITAR-TASS World Service in Russian 1117 GMT 5 Jun 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 5 Jun (ITAR-TASS) — Russian President Boris Yeltsin agreed in a telephone conversation with his French counterpart, Jacques Chirac, that it is necessary to put more pressure on the Serbs. However, he did not mean military pressure but to a greater extent political and moral pressure. That was the comment made by Boris Yeltsin's press secretary, Sergey Medvedev, when he was asked by the ITAR-TASS correspondent about the communique released by the Elysee Palace [in Paris] on the results of yesterday's telephone conversation between the two heads of state.

"In principle, agreement was reached during the conversation to put more pressure on the Serbian side," Sergey Medvedev noted. "But Boris Yeltsin only meant political and moral means. Thus the head of state will shortly send his representatives to former Yugoslavia to meet with Serbian President Slobodan Milosevic and Bosnian Serb leader Radovan Karadzic."

"There are no reasons to believe that Russia will send additional units of servicemen to be part of the UN 'blue helmet' contingent in former Yugoslavia," the press secretary for the president of the Russian Federation emphasized.

Yeltsin Pressure on Serbs To Be Nonmilitary

MM0506151695 Moscow ROSSIYSKAYA GAZETA in Russian 6 Jun 95 First Edition p 7

[Unattributed report: "Russian President's Opinion"]

[FBIS Translated Text] Russian President Boris Yeltsin agreed in a telephone conversation with his French colleague Jacques Chirac Sunday on the need to bring pressure to bear on the Serbs, but he was thinking not of military methods but more of political and moral methods.

That was how Sergey Medvedev, Boris Yeltsin's press secretary, commented yesterday at an ITAR-TASS correspondent's request, on the communique issued by the Elysee Palace on the results of Sunday's phone call between the two heads of state.

"In principle agreement was reached during the conversation to step up the pressure on the Serbian side," Sergey Medvedev noted. "But Boris Yeltsin was thinking exclusively of political and moral methods. Thus, in the very near future the head of state will be sending representatives to the former Yugoslavia to meet with Serbian President Slobodan Milosevic and Bosnian Serb leader Radovan Karadzic."

"There are no grounds for believing that Russia will be sending additional subunits of servicemen as part of the contingent of UN 'blue helmets' in the former Yugoslavia," the Russian Federation president's press secretary stressed.

Kozyrev: No Radical Change to UN Bosnia Mandate Tolerable

LD0506170195 Moscow ITAR-TASS World Service in Russian 1605 GMT 5 Jun 95

[By ITAR-TASS diplomatic correspondent Valeriy Sevryukov]

[FBIS Translated Text] Moscow, 5 Jun — The Contact Group has worked out a strict framework for decision-making on how to increase the effectiveness of the UN peacekeeping forces in former Yugoslavia, and all matters related to this must be dealt with within the framework of the UN peacekeeping mandate, said Foreign Minister Andrey Kozyrev here today.

The Russian minister said the Contact Group has reached a conclusion that all the decisions connected to the settlement of the crisis must conform to the relevant UN procedures. At the same time the UN initiatives must not contradict the decisions taken by the Contact Group. Otherwise there is a possibility of further deterioration of the situation in the region.

To this end, said the minister, the Russian side is prepared to enter into an open dialogue and discuss the way of further cooperation with its partners.

In Kozyrev's opinion, no radical change in the mandate of the UN peacekeeping forces toward using forceful methods can be tolerated. The contrary would mean a departure from the original plan for a peaceful settlement proposed by the Contact Group.

Up until now, continued the minister, the question of strengthening the role of UN peacekeeping forces in order to make them more "effective and purposeful" has been discussed within the framework of the Contact Group. However, political decisions of this sort must be taken by political structures, by the Security Council to be precise. The Security Council is responsible for the operation.

The Russian side is open for discussion of any proposals within the framework of the Contact Group, but only if these proposals are aimed at strengthening the resources of the UN's peacekeeping mandate, stressed Kozyrev.

Kozyrev 'Declined To Comment' on Possible UN Veto

LD0506192695 Moscow INTERFAX in English 1851 GMT 5 Jun 95

[FBIS Transcribed Text] MOSCOW, June 5 (Interfax) - Russian Foreign Minister Andrey Kozyrev said in Moscow today that he "does not believe that Russia's Western partners will agree to change the mandate and tasks of the UN peacekeepers in Bosnia radically."

Kozyrev said Russia "could back only a decision which reenforces the UN's capability and which does not contradict the mandate of the UNPROFOR in Bosnia."

Kozyrev said that the foreign ministers of the five-nation Contact Group on Bosnia had decided at their recent meeting in The Hague that "all decisions must be made under the UN's existing procedures."

Commenting on the recommendation by the NATO and European Union defense ministers that up to 10,000 NATO servicemen be sent to Bosnia to "help" the UN peacekeepers, Kozyrev said such a decision must fully meet the laid-out conditions.

He said there were risks in Bosnia which threaten to aggravate the situation even more. "That is why the UN peacekeeping ability must be reinforced. In this sense Russia is open for constructive dialogue with our partners," Kozyrev went on to say.

Kozyrev said he doubted that it was realistic for NATO to send to Bosnia a contingent "with offensive functions while the UN peacekeepers are stationed there."

He said he believed that the offensive tasks would "mean 'good-bye' to everything that we have been discussing within the scope of the Contact Group."

Kozyrev said the Contact Group had so far only been discussing stepping up the UN peacekeeping operation in Bosnia and raising its efficiency. "It remains our preeminent task," he added.

Kozyrev declined to comment on whether Russia would use the veto in the UN Security Council. "Probably, certain of Russia's doubts can be taken away by the UN secretary general and some - by military experts. It's still obvious that political decisions must be made by the political body responsible for the UN operation, i.e. the UN Security Council," he said.

Kozyrev said it would be unfair to blame Serb President Slobodan Milosevic for Bosnian Serbs taking UN peacekeepers hostage.

"Russia's Envoy Aleksandr Zotov is in Belgrade. He is discussing with the Serb president ways for promoting a peace settlement and freeing the hostages taken nearly every day," Kozyrev said.

Russia 'May Veto' UN Decision

LD0506184495 Moscow INTERFAX in English 1817 GMT 5 Jun 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, June 5 (Interfax) - Moscow may veto a recent decision to send NATO forces to Bosnia at the United Nations, a senior Russian diplomat said Monday.

The decision to send NATO rapid deployment forces to Bosnia to help the U.N. peacekeepers was taken in Paris by the defense ministers of the NATO member countries and is subject to approval by the U.N. security Council, the diplomat told Interfax.

"Moscow has not yet worked out its attitude to the NATO decision, which is giving rise to a host of questions," he said.

"The Russian Federation adheres to the Hague statement by the foreign ministers of the member countries of the Contact Group on Bosnia, which puts emphasis on political means for resolving the conflict," the diplomat said.

"Our attention was caught by the fact that the defense ministers of the NATO countries announced that the mandate of the United Nations Protection Force in the former Yugoslavia (UNPROFOR) remained unchanged. That is undoubtedly a positive factor," the diplomat continued. "At the same time, dispatching to Bosnia up to 10,000 excellently armed NATO troops is too serious a business to agree with offhand."

But if Russia does resort to its right to veto, it will do so "only in an extreme case - if the NATO decision proves to be absolutely unacceptable."

"I hope it won't get to that point. In any case there is a host of methods to solve the problem without making use of the veto," the diplomat concluded.

Karasin: Moscow Opposed to Independent NATO Role in Bosnia

LD0506170995 Moscow INTERFAX in English 1630 GMT 5 Jun 95

[FBIS Transcribed Text] MOSCOW, June 5 (Interfax) — Russia is against NATO playing an "independent role" in the Bosnian conflict, the Russian Foreign Ministry's spokesman Grigory Karasin told Interfax in Moscow today.

Karasin commented on NATO's plans to send its servicemen to help the UNPROFOR (UN Protection Forces) peacekeepers.

Karasin repeated that the UN was responsible for carrying out the operation in Bosnia. He said Moscow believed that the mandate of the UN forces must not be changed.

He said Russia was giving priority to political solutions for settlement of the conflict in Bosnia.

Karasin said that recent days had proved the inefficiency of using force, which has led to "directly opposite results."

He said the foreign ministers of the five-nation Contact Group on Bosnia (Russia, the U.S., Great Britain, France and Germany) had coordinated a program of action.

Karasin said Moscow believed that "such actions must be carried out taking into consideration the particular historic, cultural and other relations between the Contact Group members and the conflicting parties in Bosnia."

"In particular, Russia has historical and cultural close relations with Serbs, Germany — with Croats. The U.S. has contacts with Muslims. The Contact Group's countries must cooperate on all these directions," Karasin went on to say.

Marshal Kulikov Criticizes NATO, UN Over Bosnia

AU0506125895 Paris AFP in English
1226 GMT 5 Jun 95

[FBIS Transcribed Excerpt] [passage omitted] In Sofia, a top Russian military advisor Monday criticised NATO and the United Nations over their roles in the Bosnian crisis and warned them not to attack Serbs without consulting Moscow first.

Marshal Viktor Kulikov, former commander in chief of Warsaw Pact forces and now senior advisor to Russian Defence Minister Pavel Grachev, warned that "you can't expect anything positive if you shell Serb positions without consulting Russia."

In an interview with the Bulgarian socialist daily DUMA paper, he said the "unilateral bombing" over Bosnia "risks widening the conflict zone."

UN and NATO "ineffectiveness" in the conflict was because they "do not understand the Yugoslav phenomenon and support Croats rather than Serbs," he added.

Kulikov, in Sofia at the invitation of leading figures supporting a future Bulgarian entry into NATO, stated it would be "premature and undesirable" for former Eastern Bloc countries to join the alliance.

He said European security should be guaranteed through a political rather than military organisation in which the United States "would have no part."

[Sofia BTA in English in its 5 June "Press Review" at 0823 GMT carries the following report on Marshal Kulikov:

["DUMA runs an interview with Marshal Viktor Kulikov, former commander of the Warsaw Pact forces and current advisor at the Russian Defense Ministry, who was on a visit to Sofia. 'Bulgaria is to decide for itself whether it should join NATO,' Marshal Kulikov says. In his personal view, however, at this stage such a step would be premature and undesirable for the Eastern European states. He believes that what Europe needs at the present moment, is a political, rather than a military organisation.

["Viktor Kulikov visited former head of state Todor Zhivkov in his home, 24 CHASSA says. They conferred for over an hour, trying to avoid political issues, the daily says. According to the daily, Zhivkov did not criticize any of the governments that ruled the country since he was deposed in 1989."]

Moscow 'Studying' Use of Rapid Deployment Force in Balkans

LD0506162295 Moscow ITAR-TASS in English
1554 GMT 5 Jun 95

[By Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW, June 5 (Itar-Tass) — Russia has been thoroughly studying all aspects of a decision adopted by NATO and the EU to deploy a multinational rapid action force in the former Yugoslavia.

In an interview with Itar-Tass a high-ranking Russian diplomat said that Moscow's stance on this problem depends on the results of the assessment of this initiative by military experts and clarification of a number of issues of principal political importance.

The most important issue is the absence of a clear-cut mechanism of linking the operation which is being prepared with the U.N. operations being conducted now and the activities of peace-keeping forces in the area of the conflict. Besides, it is not clear yet who will make decisions on the use of a rapid action force and who should "okay" the deployment of such forces, — the U.N. Security Council or the U.N. Secretary-General. In the opinion of the Russian diplomat, it is necessary to clarify the status of the rapid action force and see whether its functions conform to the tasks set forth to the "mandate of the peace-keepers envisaged by the resolutions of the U.N. Security Council.

The diplomat noted that Russia is concerned over the fact that "the rules of the game" were violated when considering the problem of rendering assistance to the U.N. peace-keeping forces. Far from all countries which provided their peace-keeping contingents were able to take part in the elaboration of the adopted decision. Russia, in particular, was merely offered the role of an observer, the diplomat said.

UN Position, Possible NATO Moves in Bosnia Eyed

MM0606102295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 6 Jun 95 pp 1,7

[Report by Sergey Moshechkov: "They Came in Peace. Current Role of Blue Helmets in Bosnia Boils Down to Guarding Themselves"]

[FBIS Translated Text] Zagreb — A few days ago a 76-mm shell flew through the window of the apartment occupied by the British ambassador to Sarajevo. It landed on the owner's plate. The residents expected the logical explosion, but it did not come. Thank God!

The tactics employed by the peacekeeping forces in Bosnia are now very reminiscent of the situation I have described in the ambassadorial apartments. They are expecting something to "fly in" from somewhere at some point and they very much want to believe that it will have relatively painless consequences.

On Friday the Bosnian Serbs downed a U.S. F-16 monitoring their airspace. The aircraft was traveling at an altitude of 6 km. By hitting it the Serbs convinced the world community that they have SAM missiles that will provide the appropriate response to air actions.

Following the hostage-taking the British immediately increased their presence by 6,000 men. Local commentators are, admittedly, pondering the legal grounds for such a step. On what legal grounds does one state dispatch to another state (recognized by the whole world) a sizable detachment of "rapid response forces" equipped with armored hardware and artillery? If these are UN reinforcements, they should observe the customary formalities: A Security Council ruling is highly desirable, along with a change in the peacekeeping mandate and, lastly, a statement by the UN secretary general.

But the Western allies generally have decided in Paris that there are prospects of an increase in the number of their troops in the conflict zone of some 14,000 "rapid response" military professionals. UN headquarters responded to this with some incomprehension, while the Serb capital, Pale, responded with a decision to release 120 hostages. Most international observers are not inclined to believe that Karadzic's compliance increases in proportion to the increase in the number of blue helmets in the areas of Bosnia under his control. It is more logical to imagine possible direct intervention by a Belgrade which has officially disowned unpredictable Pale but which, in order to obtain the lifting of the sanctions that it needs so much, is prepared to "waive its principles" and demonstrate an ability to make its former ally see sense.

There are still around 250 men in "Serb captivity" in Bosnia. Strangely enough, most of them are "Orthodox" Ukrainians /around 80/. [author's slantlines; sentence as published] Attempts by the peacekeepers' commanders to elucidate the fate and location of their subordinates have not been particularly successful. Pale usually responds with "Don't worry, they are all alive and well, they have been fed and watered, and you will find out when and where they will be released right before our next 'good will move'."

No matter how you shake it, the current role of the blue helmets boils down...to guarding themselves. Incidentally, they are by no means all convinced that a NATO airborne assault on the region will make them safe.

When contemplating possible strong-arm measures in Bosnia the West must take into consideration not only its hostages but also Russia's voice at the United Nations. Although local analysts are now advising them not to pay particular attention to the second factor. They say that throughout the history of the conflict Russia has never risked overt confrontation with the West when it comes to deciding "Serbia's fate." Nor will it do so now — it will kick up a fuss and then nonetheless vote accordingly and correctly.

Solton: Bosnia Rapid Reaction Force May Lead to 'Somalia'

LD0506161495 Moscow Voice of Russia World Service in English 1110 GMT 5 Jun 95

[Commentary by observer Yuriy Solton]

[FBIS Transcribed Excerpt] Here is a commentary by our observer Yuriy Solton on the recent decision to set up a multinational rapid reaction force to act in former Yugoslavia.

The decision was taken last Saturday, 3 June, at the Paris meeting of the NATO and EU defense ministers with Russia participating as an observer. Although the participants did their utmost not to use the words military operation, it is only too clear that it is this kind of action that has been planned. [passage omitted: details of rapid reaction force]

I think it is a dangerous plan, Yuriy Solton writes. In the recent past we had a similar situation in Somalia. An

American expeditionary corps under the U.S. command, but under the UN flag, got involved in a local conflict, began to disarm the warring parties, failed to achieve any military results, and had to leave. It did manage to achieve other results, though — namely, it undermined the UN authority and contributed to Somalia's further devastation.

Direct foreign military interference in Yugoslavia may bring about far graver consequences, both for Yugoslavia proper and for the rest of Europe. The foreign minister of the Union Republic of Yugoslavia, made up of Serbia and Montenegro, Vladislav Jovanovic, has warned that if the military conflict in Bosnia is gaining in scope Belgrade, that severed all ties with the Bosnian Serbs last August, will be prepared to extend a helping hand.

Last Sunday night [4 June] President Jacques Chirac of France called the Russian President Boris Yeltsin by phone to discuss various aspects of the Bosnian crisis. The Russian president assured his French counterpart that Russia would (?bend) every effort to make the leadership of the Union Republic of Yugoslavia apply more pressure to set the United Nations hostages free. By the way, it is due to persistence displayed by Serbia's President Slobodan Milosevic that the first peacekeepers group of 120 was released. At the same time, Boris Yeltsin stressed, Russia strictly adhered to political ways of settling the crisis in Bosnia.

This week the United Nations Security Council is to consider the sending of a multinational rapid reaction force to former Yugoslavia. We would like to hope, Yuriy Solton writes in conclusion, Council members will analyze closely every single military and political consequence of a similar [as heard] move.

Kolesnikov, Shalikashvili Meet Behind Closed Doors

LD0506192895 Moscow ITAR-TASS World Service in Russian 1847 GMT 5 Jun 95

[By ITAR-TASS correspondent Andrey Chupakhin]

[FBIS Translated Text] Vienna, 5 Jun — A meeting took place in the U.S. Embassy in Vienna today between Colonel General Mikhail Kolesnikov, chief of general staff of the Armed Forces of the Russian Federation, and John Shalikashvili, chairman of the Joint Chiefs of Staff of the U.S. Armed Forces. The meeting, held behind closed doors, lasted about two hours. No information was granted to journalists about the aims of the meeting or the content of the conversation.

Kozyrev Praises Contributions of Iraq's 'Aziz

LD0506183895 Moscow INTERFAX in English 1731 GMT 5 Jun 95

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, June 5 (Interfax) - Russia wants "UN sanctions against Iraq to be dropped. For that it is necessary that Baghdad fulfils all international community resolutions," Russia's Foreign Minister Andrey Kozyrev declared at talks with Iraq's Deputy Prime Minister Tariq 'Aziz in Moscow Monday.

Calling the guest "dear friend," Kozyrev revealed that Moscow and Baghdad coordinated "a course" toward moving Iraq out of international isolation. "Toward this end, the Russian Federation and Iraq, and the presidents of our countries have been in regular contact," Kozyrev said.

He gave 'Aziz a special credit for his "outstanding personal contribution" to the advancement of the Iraqi-Russian dialog.

"Our goal is to check the clock again," Kozyrev remarked, opening the talks that proceeded behind closed doors.

As Kozyrev's deputy Viktor Posuvalyuk, who attended the negotiations, disclosed to Interfax, on June 19 the head of the UN Commission for Iraq's Disarmament Rolf Ekeus would submit to the UN Security Council a report on Baghdad's compliance with the UN disarmament resolutions. "That was what induced Aziz to come to Moscow again," Posuvalyuk explained.

He stressed that "Iraq had done a lot to do away with its mass destruction arsenal." "If Ekeus declares progress in Iraq's destruction of missiles and chemical weapons, this will allow to raise the issue on softening and on prospective abolishing of the sanctions against Baghdad," Posuvalyuk said.

In his opinion, "Iraq should be encouraged for what it has already in the elimination of its military programs." "In fact, the only unsettled questions for the international community are those over the old Iraqi programs on germ weapons," Posuvalyuk noted.

He believes that the humanitarian issues on the fate of those Kuwaitis who have been declared missing must not defer the adoption of a decision on lifting the international sanctions against Iraq. "Point 22 of the 687 resolution does not link the two problems together," he said.

Russian deputy foreign minister said on Monday Russia was "impatiently" waiting for sanctions against Iraq to be lifted in order to resume on a "full scale" its energy projects, including construction of an oil and gas complex, in the Arab country.

Viktor Posuvalyuk told Interfax a meeting Russian Foreign Minister Andrey Kozyrev had on Monday with visiting Iraqi Deputy Prime Minister Tariq 'Aziz produced "very positive and encouraging" results. "'Aziz assured the Russian side that the Iraqi leadership intended to continue cooperating with the U.N. security Council and with the head of the U.N. commission for the disarmament of Iraq, Rolf Ekeus, in order to completely eliminate the consequences of the events of 1990-91."

"'Aziz came to Moscow to ask for advice about what else to do," Posuvalyuk said. "He was speaking about the difficult humanitarian situation in the country, which is suffering from the sanctions, and about the bitterness the Iraqis feel about the fact that the U.N. still has not adequately reacted to the closure by Iraq of its military programs and its recognition of the sovereignty and territorial integrity of Kuwait."

Moscow, Baghdad Plan Post-Embargo Deals

LD0506192395 Moscow INTERFAX in English 1818 GMT 5 Jun 95

[FBIS Transcribed Text] MOSCOW, June 5 (Interfax) — Russia is ready to build in Iraq several energy facilities worth a total of $10 billion after economic sanctions against Iraq are removed, Russian Deputy Prime Minister, Minister for Foreign Economic Relations Oleg Davydov told Interfax in an exclusive interview in Moscow today after his meeting with Iraqi Prime Minister Tariq 'Aziz.

Davydov declined to elaborate on what the financing sources for the construction projects would be.

Davydov said that in Moscow Russia and Iraq had discussed "a large number of problems involving bilateral business cooperation for restoring bilateral trade turnover to its former level." He said trade turnover between Russia and Iraq could soon reach $1 billion.

According to Davydov, the Iraqi prime minister confirmed Baghdad's interest in importing Russian machines and other equipment and in Russian specialists working on construction of industrial facilities in Iraq.

Iraq expects Russia to take part in the construction of an iron and steel plant with a capacity of producing 2 million tonnes of steel a year, plants for producing methanol with a capacity of 80,000 tonnes, plants for producing caustic soda with a capacity of 25,000 tonnes, plants for producing isobutene with a capacity of 60,000 tonnes, etc.

Davydov said Iraq had confirmed its readiness to begin repaying its debt to Russia, totaling $7 billion, immediately after the economic sanctions against Baghdad were lifted. He said that in line with a preliminary agreement Iraq would be repaying the debt both in hard currency and through oil deliveries.

Davydov said trade-economic relations with Iraq were "promising." He said it was high time to remove the economic sanctions against Baghdad. "Iraq on the whole fulfills all the demands of the international community," he said.

Kozyrev Leaves for UK Talks With Major, Hurd

LD0606075095 Moscow ITAR-TASS in English 0732 GMT 6 Jun 95

[By Dmitry Gorokhov]

[FBIS Transcribed Text] Moscow, June 6 (ITAR-TASS) — Russian Foreign Minister Andrey Kozyrev today left Moscow for London, where he will have talks with British Prime Minister John Major and Foreign Minister Douglas Hurd concerning the situation on the European continent, including Bosnia. This visit is particularly important, because the current round of bilateral contacts will be the first since the recent meeting of the foreign ministers of sixteen NATO countries with their Russian counterpart. During that meeting, held at Noordwijk at the end of May, Russia and the North Atlantic Alliance adopted a document, stipulating the creation of mechanisms for cooperation within the "Partnership for Peace" programme. The reached agreements also envisage special relations between the Alliance and Russia as a great European power.

'Source': More BSF Talks Needed Before Yeltsin, Kuchma Meet

LD0506152395 Moscow INTERFAX in English 1327 GMT 5 Jun 95

[FBIS Transcribed Text] MOSCOW, June 5 (Interfax) — An additional round of negotiations on the division of the Black Sea Fleet [BSF] might be needed to prepare the talks between Boris Yeltsin and Leonid Kuchma in Sochi on June 9, a well-informed Moscow source, who preferred to remain anonymous, told Interfax Monday.

Speaking about the working visit to Kiev by Yeltsin's national security aide Yuriy Baturin and foreign affairs aide Dmitriy Ryurikov, he described it as constructive, with reference to a member of Yeltsin's delegation.

He did not speak in detail, however, about the talks between Baturin and Ryurikov on the one hand and Kuchma and Ukrainian officials on the other.

Some experts believe that the recent consultations in Kiev did not remove the main barrier hampering the conclusion of a comprehensive document on the Black Sea Fleet — disagreements on the principles of basing.

As we reported earlier, Ukraine insists on the parallel utilization of Sevastopol by both Russian and Ukrainian fleets, and Moscow categorically opposes this idea.

The date and place of the Yeltsin-Kuchma talks have not been changed yet, said the source.

Political Issues

Chernomyrdin Suspends Vacation To Address Election Drive

LD0606162195 Moscow ITAR-TASS in English 1545 GMT 6 Jun 95

[By Viktor Zhilyakov]

[FBIS Transcribed Text] KRASNODAR, June 6 (ITAR-TASS) — "We offer society aims and tasks which are attainable and specific steps which will lead Russia along the path of economic growth, raise the well-being of every citizen and every family, and ensure security of the individual and the state," Russian Prime Minister Viktor Chernomyrdin said today.

In his capacity as chairman of the national public and political movement "Our home is Russia", Chernomyrdin was addressing the founding conference of the Krasnodar territorial organisation of the movement.

The Prime Minister left Sochi, where he is vacationing, to attend the conference in Krasnodar.

The conference brought together more than 300 delegates from 47 urban and rural organisations of the Kuban territory. The delegates include 106 executives and 145 managers of industrial and agricultural enterprises, and financial structures.

Delegates said that although the movement "Our home is Russia" has been referred to as "the party of power", it will have to work hard in order to win the elections. They called for a rapid transition from the organisational phase to meetings with voters.

Head of the Krasnodar city administration Nikolay Kryazhevskikh said, "we can attract the voters not with general statements but with specific actions".

"If we want the rural innnhabitants to believe us, we must secure the easing of the tax burden as soon as possible," said chairman of the stock company Fasta Vladimir Gavrilenko.

Chairman of the territorial administration Yevgeni Kharitonov declared: "I join the movement 'Our home is Russia' being fully aware that its programme is a programme of serious people, professionals who know what and how should be done in order to revive and develop Russia, including our Kuban territory".

Viktor Chernomyrdin spoke about a set of social measures around which the movement's activity should centre. He said the government would provide 3.5 trillion roubles this year in order to pay part of its debt to the population.

According to the Prime Minister, a mechanism will be devised to restore individual savings. Work is already under way, and numerous proposals have been made. Chernomyrdin said at least 500 trillion roubles will be needed to fully restore the savings dramatically devalued by inflation. The country's budget does not have this great amount. But the new mechanism will enable the government to cope with the task. A document concerning this issue will be discussed at the next economic conference organised by the movement "Our home is Russia," Viktor Chernomyrdin said.

The head of the Russian government admitted that the taxation system created in the foregoing years became a real burden to industries as it fails to help the country out and to stimulate production. The system will be simplified, Chernomyrdin said.

The constitutive conference elected Kuban governor Yevgeni Kharitonov chairman of the council of the Krasnodar territorial organisation of the national public and political movement "Out home is Russia".

Prime Minister Viktor Chernomyrdin left the conference for the Krasnoarmeyskiy district where he inspected new combine harvesters and other equipment developed by the machine builders of the city Rostov-on-Don.

The Prime Minister was then taken around a complex of processing enterprises run by the stock company Rossia. Viktor Chernomyrdin later met the leaders of the Kuban cossack army.

Vice-Premier Nikolay Yegorov, who is also Russia's Minister for nationalities and regional policy, and Kuban governor Yevgeniy Kharitonov accompanied the Prime Minister.

Rybkin 'May Succeed' in Forming Left-of-Center Bloc

LD0606150495 Moscow ITAR-TASS in English 1308 GMT 6 Jun 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] MOSCOW June 6 (ITAR-TASS) — Speaker of the State Duma Ivan Rybkin may succeed in forming a left-of-centre election bloc. Its formation has already been announced, but achieving this task seemed problematic until recently.

Although the speaker keeps his consultations secret, the latest events in party activities in Russia indicate that there are some changes in this respect.

Mikhail Shmakov, chairman of Russia's Federation of Independent Trade Unions, spoke quite definitely on the matter last week. The Federation is one of the most probable participants in the bloc. It formed an all-Russian movement "Trade unions for elections" which will enter a broader left-of-centre coalition, Shmakov said.

Consultations with Rybkin were held. "Quite possibly, this coalition will be precisely that left-of-centre bloc of which we have been told so much", Shmakov said.

Among possible participants in the coalition he mentioned the United Industrial Party of Vladimir Shcherbakov and Arkadiy Volskiy, the Union of Realists led by Yuriy Petrov, the Socialist Party of the Working People headed by Lyudmila Vartazarova, and Vasiliy Lipitskiy's Russian Social-Democratic Union. Negotiations with Yuriy Skokov's Federation of Manufactures are in progress. The Federation has not yet defined its position.

The new socio-political movement "My Fatherland" whose conference was held last Saturday may be added to this list. The association is headed by Viktor Mishin, former first secretary of the Central Committee of the Young Communist League. The movement whose core consists of former young communist league cadres and Stanislav Shatalin's International foundation Reform, stated that it will participate in a broader coalition. Mishin named approximately the same possible allies as did the leader of the Federation of Independent Trade Unions.

Arkadiy Volskiy was more outspoken. He said that a coalition should be formed with the participation of the Federation of Independent Trade Unions, the United Industrial Party, the Union of Realists, "My Fatherland". Ivan Rybkin can possibly be suggested as the coalition's leader. Volskiy believes that it will take no longer than one month to form the bloc.

The Socialist Party of the Working People formed in the past with Rybkin's direct participation apparently does not fit the pattern. The reason for this is probably that the party's leader Lyudmila Vartazarova took offense to Ivan Rybkin, her former colleague in the Socialist Party of the Working People, for her dismissal from the post of chief of the State Duma's analytical centre. Vartazarova believes she was dismissed for political reasons. She said more than once that directives from "higher quarters" for shaping a left- of-centre bloc virtually damaged the left forces and she believes that stand evoked Rybkin's displeasure.

The stand of the Russian Social-Democratic Union whose core is formed of Vasiliy Lipitskiy's Russian Social-Democratic People's Party is yet unclear. Lipitskiy evades direct questions about participation in Rybkin's bloc while not denying that consultations with the speaker are in progress. Quite possibly, he still hopes to form his own association. The situation regarding the Russian Social-Democratic Union will most probably become clear within the next month.

Chubays Surveys Political, Economic Issues

954F2418A Moscow LITERATURNAYA GAZETA in Russian 24 May 95 No 21, pp 1, 11

[Interview with Anatoliy Chubays, first deputy prime minister of Russia, by LITERATURNAYA GAZETA editorial staff and commentators; place and date not given: "The Opposition Has Its Last Chance. It Will Never Have This Chance Again After 1996"]

[FBIS Translated Text]

The Economy: A View From Above

"Russia has never been as close to economic recovery as it is today"

A. Udaltsov, LITERATURNAYA GAZETA editor in chief. What is your appraisal of the current state of the economy? Of the things you wanted to achieve when you started the reform, what is coming through and what is not?

A. Chubays. What main tasks have we set for ourselves for 1995? First of all, to change the situation with respect to price rises. I am convinced that this is today the most critical and destructive economic ill. Compared to last November, prices rose by 14 percent, and last December—by 17 percent. In such conditions it is impossible to revive production, improve the situation in culture, or protect the periodical press. Moreover, it is impossible to preserve the integrity of the state. It was envisaged that this task would be solved first of all through the budget, regarding which, if you recall, the general opinion at the end of last year was that it would be impossible to get it through the Duma. This was half of the problem.

The other half is the fact that this was a very new budget concept. Just as any family budget, the state budget has income and expenses. Except that the state budget has at its disposal a neat trick, namely, printing money, which helps cover the difference between revenue and expenses. In 1994, 72 percent of the state budget deficit was covered by Central Bank credits, that is, by printing money not backed up by anything. This inevitably produced superhigh inflation in the country. In 1995 the budget concept envisaged a sharp deficit reduction and absolute rejection of such fallacious financing. We needed sources of healthy financing, that is, those associated with internal and foreign loans. Hence our idea to secure IMF support. These tasks generally have been accomplished.

The result: A turning point in the economic situation, 17 percent inflation in January and a little more than 8 percent in April. In May we expect about 6 percent. Behind these figures are completely new trends in the Russian economy, the beginning of a strengthening of the national currency. For more than a month the process of de-dollarization of the Russian economy has been expanding in scope. The dollar is being displaced fast—even too fast. The ruble is quickly getting stronger; Central Bank foreign currency reserves are growing. Banks want to sell dollars. In April the highest-yield deposits, for both legal entities and individuals, were those in rubles, not foreign currency. There is a clear trend. Our main task is to make it stick.

What was the price we paid? The first quarter of 1995 turned out to be one of the hardest, because a turning point in economic dynamics came on top of a rather difficult budget situation. Remember, the budget was approved at the end of the first quarter, and at the time we were not getting any credits. We had inherited gigantic arrears from last year. And there was a real threat that social tension would burst. Actually, it did, in part—at mines, defense enterprises.... Nevertheless, we managed to keep the situation under control.

In the first quarter we financed 81 percent of the budget. This is a principally important indicator, because last year it never rose above 70 percent. Thus, substantial improvement already has been achieved. Although at the same time, 19 percent were left hanging, all leading sectors in the national economy are underfinanced, and there still are arrears in paying wages. Which means that this hurts first of all those who are funded by the budget: culture, sciences, health care, education, and defense.... Very acute problems exist in the social sphere, and this is where, in my opinion, existing resources should be redistributed. At the latest meeting of the government I proposed to amend the budget. There is a clause which says that additional budget revenue is distributed in proportion to expenditures. Well, this clause should be changed, and all additional revenue directed solely to supporting the social sphere, reducing the level of poverty, which remains extremely high (more than 30 million persons live below the subsistence minimum), alleviating the average wage situation, and improving the ratio between it and the subsistence minimum. These circumstances provide the basis for the pre-planned maneuver in the direction of the social sphere.

It will be carried out against the background of a completely different situation, when the level of prices in the country stabilizes. I am firmly convinced that, as we promised, inflation will drop down to 2 percent in August. Which means that every ruble paid out in the form of pensions or stipends to students will have a completely different worth than three or four months ago.

The gloomy forecasts of our opponents, who said that our budget policy would result in the complete collapse of production by the end of March, did not materialize. While in the first quarter of last year the production decline reached 17 percent, in the first quarter of this year it was 5 percent. It is already clear that production dynamics in 1995 are more optimistic than those we ourselves used in our planning assumptions. Moreover, if we manage to maintain the current situation, 1996 will be a year without production decline, and some sectors will start showing real growth. The general sequence is completely immutable: first financial recovery, then production recovery. We have entered the first stage. In my estimation, at no time during the past four years has Russia been as close to financial recovery as it is today.

A. Udaltsov. You have not joined the Russia—Our Home bloc, and have distanced yourself from Russia's Choice.... Meanwhile, the mass media are busy discussing whether a Yavlinskiy-Gaydar alliance is possible. What do you think in this respect, and how do you view the upcoming elections?

A. Chubays. I have put politics on the back burner. There were reasons for this that are very important for me. The latest political events, associated with Chernomyrdin bloc's creation, were discussed recently at Russia's Choice party council; there were heated discussion as to whether an alliance should be formed with Yavlinskiy, whether to be friends with Viktor Stepanovich or, on the contrary, to fight him.... I believe that in some sense these arguments are of secondary importance compared to the much more principal political question we really face. We should not forget that besides Gaydar, Yavlinskiy, and Chernomyrdin there are a score of figures who are beyond the margin of common sense, and there are no guarantees against their gaining power. (I mean not only Zhirinovskiy and Zyuganov but also a well-known list that continues this series.)

Remember what we were taught? Look for the main antagonism of our times. Today the main antagonism is on which side of the line the choice will lie. And the does not run line between Gaydar and Yavlinskiy on one side and Chernomyrdin on the other. Let us not forget that the forces that were behind the October 1993 events have their last historic chance in 1995 and 1996. After that, they will never have this chance again. And they will do anything to take advantage of this chance.

Democratic, almost democratic, and more or less democratic forces often forget this axiom. Which, I think, can play a nasty joke on them. If I am correct, and this is in fact the main problem, then everything that is taking place in the economy should be subordinated to it. In this respect it is also clear to me that 20 percent inflation in December 1995 means a major defeat for both Gaydar, and Yavlinskiy, and Chernomyrdin, and all those on this side of the barricades. This is why I believe that my main role right now is outside political discussions, which are absolutely natural and understandable, and this is why I made a decision to suspend my membership in all political organizations—both in the Democratic Choice of Russia and in the Russia—Our Home movement, where I was present at the founding congress. The main thrust of my efforts, together with my colleagues in the government, is to ensure such economic recovery that will be visible not only to a small group of specialists but to millions of people.

A. Udaltsov. So how will you go about the propaganda side, persuading the electorate to vote for those who are on the same side as you?

A. Chubays. I will not. As of today, I have stopped trying to persuade anyone.

O. Blotskiy, LITERATURNAYA GAZETA department chief. Why? Are you perhaps afraid of something?

A. Chubays. This "are you afraid of something" is an old journalistic trick, a sure hit. I am not particularly eager to talk about my heroic deeds. Over the past four years various people swore to shoot me, put me in jail, hang me on Red Square, throw acid in my face, damn me for generations to come, stab me to death as I leave my office—I no longer remember all the variations. This was done in a "cozy" personal conversation, over the telephone, from the podium in large audiences, in city squares in front of raging crowds, in newspapers with a circulation of millions of copies, on television.... The authors of these threats were not some unknowns—they were major national political figures, leaders of communist and fascist parties, a mayor of a major city, a former Supreme Soviet chairman, and a former vice president. So. you draw your own conclusion regarding this "are you afraid of something."

Privatization: Prosecution and Defense

"What we did we did with our sights set on centuries, not one year, ahead"

Yu. Kulikov, LITERATURNAYA GAZETA deputy editor in chief. I would like to shift the conversation to a topic close to you—privatization. Two years ago Mr. Neverov from Germes was here answering our questions. He told us about oil, wonderful gigantic projects.... He exhorted people to take their vouchers to Germes. We published this interview; many people believed the publication and took their vouchers to Germes (by the way, some of us did, too). Then the time came to receive our dividends. This turned out to be an impossible task: Germes created a so-called "bottleneck"—lines, you have to sign up almost the night before.... In short, some got them, some just gave up, and some are fighting for their rights. Such stories abound. Tell me, do you personally feel any moral responsibility to those whom Germes deceived?

A. Chubays. Absolutely and unequivocally—yes. I am in the case with hundreds of other companies of this kind. The way I read it, Neverov currently is in a catastrophic financial situation. I do not know whether he will be able to get out of it. By the way, Germes is a company that actively supports communist and almost communist movements. This is unimportant, however, and does not remove an iota of responsibility from the government and myself. Our fault is that a proper legal base, capable of protecting the population, was not put together in time. In principle, in such cases it is impossible to task the government with the protective function—it is not its job to protect the injured parties. What does, then? A legal system should be created, which will ensure: First, that Mr. X ends up in jail; second, that his assets and accounts are frozen before he ends up in jail, because after that point, as a rule, both the former and the latter disappear; finally, third, an adequate mechanism for confiscating these assets and distributing them among the depositors. No such system was set up in the country. I can go on and on enumerating excuses: In order to put together this system we need a fundamental legal base in the form of the Civil Code, a set of laws on the securities market, and many other things we did not and could not have. But, I repeat, this does not reduce the extent of my culpability.

L. Velikanova, LITERATURNAYA GAZETA department chief. The question of Germes, in my opinion, is inextricably connected with the system of privatization you proposed for the country. We had to take vouchers to voucher investment funds (ChIF's). There was no other method to make good on the voucher. When you were designing such a system, did you know it would all end with nomenklatura privatization? We did not become owners of anything, we did not receive dividends. Does this surprise you?

A. Chubays. Did you say that investing a voucher in a ChIF was the only way? This is not true. Each voucher owner had a choice of a minimum of three options. First: voucher investment funds. Second: participating in voucher auctions, where you could purchase enterprise stocks directly. As, for instance, did 1 million citizens of Russia, who bought Gazprom stock. Or tens of millions of citizens who bought stock in other enterprises. There was also a third option: You do not believe in the government's undertaking—sell the "paper." And for those working at privatized enterprises there was also a fourth option—acquire the stock of one's own enterprise.

Now about the results of what happened. You know, it is too early to talk about final results. Either for those who bought ChIF stocks or those who purchased the stock of their own companies. What do you have now (whether through a ChIF or not is unimportant)? You have a piece of Russian industry. What good does it do? An owner of a piece of property—this is an economic law—has precisely as much as this property can generate. Or: The volume of dividends on the stock you have purchased is strictly defined by the volume of profit generated by the joint-stock company [AO] whose stock you have. What kind of profit is there today in the national economy? I have already mentioned a 5 percent decline. And corresponding dividends. This is where the theme of selling the motherland for a song, so beloved by some journalists, came from. It is being sold for a song because it is being sold at a price our industry can currently generate. How do you want to receive something when you have a piece of industry, which is in an extremely bad situation? But does this mean everything is lost, that people have been deceived, that the dastardly nomenklatura took everything with it and stashed it all in the West? Not quite. For the very simple reason that next year in a number of sectors for the first time there will be an opportunity to begin real growth, and, following the financial stabilization of this year, we may see a massive flow of capital into the Russian economy. And to your complete surprise your former voucher, which was converted into the stock of some little-known investment fund, will suddenly begin to produce a profit. And if you sold it, you may even regret it a little. Speaking seriously about the results of privatization, I want to remind you that what we did we were doing for the centuries—not a year, or three years—ahead. And the results will be seen not in centuries but in a few years by tens of millions people. As soon as real economic growth begins, property will start producing income.

Yu. Shchekochikhin, LITERATURNAYA GAZETA department chief. Could you please explain once again the gist of your conflict with the mayor of Moscow and how the whole affair ended?

A. Chubays. I do not think I can tell you anything new. These are disagreements on principle. It is impossible to completely resolve them. There is the mayor's logic. It is being presented in a form very attractive and understandable to the people. I have to admit that apparently my logic proved to be less understandable. Yuriy Mikhaylovich Luzhkov's logic: Take ZIL [Imeni Likhacheva Auto Works]; it was sold for $4 million, while the equipment installed in it alone costs $30 million. Conclusion: This means that Chubays is selling the motherland for a song. Simple and clear. In order to see my logic, however, one has to get deep into a different layer. To find out that ZIL has for three years already been living on state subsidies. Its profits are zero. It is in a most difficult situation. And the nut who was careless enough to buy a piece of ZIL stock for $4 million in the end already invested in it several tens of millions dollars in the form of nonrepayable credit alone and has not received a ruble in return.

This is the way it should be. In order for ZIL to become profitable, it needs to be thoroughly restructured; hundreds of million of dollars need to be invested in it. The end of the story, as you know, was that the same people who bought ZIL for a song in keeping with Chubays' mad scheme in the end took it upon themselves to search for financial resources and assumed responsibility for everything that will happen there—the head of the Microdin Company was a few days ago elected president of ZIL. This is, of course, a long, doubtful, and unconvincing version—not as simple as "Chubays will have to answer for this!"

The whole concept of privatization—and this is legally a rather complex organism—is based on one invisible principle: minimization of bureaucrats' rights. How? A whole set of mechanisms have been set in motion. Competitive bidding in selling is mandatory. Publishing data in advance is mandatory. Public procedure. Low starting price. Because a high starting price only looks at first glance like a method not to cheat the state. Here is a second glance, however: If I set a high price, I will cut off 14 out of 15 buyers. And I will strike a deal with the 15th. I will sell as it suits me. And half the amount will settle in my pocket at that. I, however, proposed the opposite principle. A low starting price, so that there would be 30 buyers—try to get around this procedure. And many other things.... This was categorically rejected by the Moscow leadership. It is hard in this situation to win over one another. We ended up arm-wrestling. For me, the principal thing was not even the fate of Moscow—the important thing was not to permit anybody to destroy the entire structure of Russian privatization. I succeeded. The special decree on privatization in Moscow came out after voucher privatization in Russia was over.

Ye. Bershin, LITERATURNAYA GAZETA commentator. Voucher privatization is behind us. Now money-based privatization has been announced. Tell me, where do people get the money to participate in this? I also want to.

A. Chubays. Fantastic financial resources are currently concentrated in Russia. Where is the main source? The population's savings, the scale of which is incomparable to that in the West. Our population's "proclivity" for savings—24 percent. This means that of each ruble earned, 24 kopeks are saved. Of course, you are going to ask me a whole volley of quite understandable questions: Who is saving? Who is not saving? Who can afford to and who cannot? Nevertheless, the fact remains. There is, however, one small peculiarity. Of the 24 kopeks, approximately 16 are converted to dollars. Which has no positive influence on the Russian economy but does give a powerful boost to the U.S. Federal Reserve System. Anyway, savings in rubles amount to 24 percent. In the world—7-9 percent. Where did all these Mavrodis and Neverovs come from? On what yeast did they rise? This, not privatization.

On one side, the country has immense financial resources. But on the other are 25,000 privatized enterprises, each of which needs these resources. Walk up to any enterprise director today—what does he need? Working capital. He does not have any. He would do anything, even move mountains. But, dear friend, go to the financial market, get your working capital—these financial resources. What is missing? A small detail is missing—a small bridge that would connect these financial resources and the production sphere, incredibly well prepared for investment. All we have to do is bring them together. How? I will tell you: through money-based privatization.

The Economy: A View From Two Sides

"The choice was fully commensurate with the situation"

A. Sabov, LITERATURNAYA GAZETA commentator. The idea of free prices, a free market, was suggested for the first time to Louis XVI by his minister of finance, Turgot. We all know how it ended: a revolution and the guillotine, which cut off the king's head. After that, France, the birthplace of liberalism, did not move to free prices for another 200 years, and finally decided to do so only in 1981, under Mitterrand. And this is in a country where private property has always existed. Now Russia in 1991 suddenly accepted a full-scale model of liberalism, which had been developing in the West for two centuries, although in our country 98 percent of property belonged to the state. There was a time when Yeltsin's inner circle discussed a proposal to reduce state orders incrementally, by 10 percent a year, and gradually create private structures. This road was rejected, and we did as Bismarck described: The Russian harness slow but ride fast. Was there any need for such a rush?

A. Chubays. There are two sides to this question. One is personal ideological preferences. Some like liberalism, some—social-democracy. There is hardly any need to argue about it. I simply want to ask you to clearly understand all the pluses and minuses that constitute the inevitable attributes of each of these concepts. Liberalism's attributes are quite clear. A hard blow to the population, especially in our conditions. The unpreparedness— psychological, legal, and so on. But we also have to understand just as clearly what kind of illnesses and on what scale we would have in the country had we elected a social-democratic instead of a liberal version. The main flaw of the social-democratic "pink" version is the scale of theft and corruption, which would make the current situation pale. When you say that 98 percent of enterprises used to be state property, you are right. But you know perfectly well that the state was only remotely related to this property. And that it had no effective mechanism of control over "its" property. In reality, this property belonged to a minimum extent to the ministries and labor collectives, to a maximum extent—to their directors. And each stole as much as he could. To reduce state orders? Under such circumstances, formidable financial-industrial groups would have formed with lightning speed and very soon said: We have reduced state orders by 20 percent. That is enough for now. Let us stop—what is the hurry?

The number of flaws in the social-democratic option in the country was not comparable to the extent of the flaws in the liberal way. Why? Here is the second key side of the question. The choice between these two options should not be made depending on personal preferences. And by the way, we did make a decision on the basis of completely different considerations, not because of Gaydar's, Chubays', or Yeltsin's preferences.

A choice must be fully commensurate with the situation. If a patient is lying on the table with blood gushing out of the aorta, you can say, of course: We will increase his blood volume by 10 percent a year over a period of 10 years. You can do that. But your discussion will be over in about half an hour. Something similar was happening in the country by the end of 1991. Besides, everybody has forgotten the gaping emptiness of the stores.

You can wait 10 years for state orders to be reduced. Or you may not. Or you may realize (if you are a politician who is making decisions and takes responsibility for them) than in two months there will be bloodshed in your country. And on a scale that Russia has never seen. Either you would accept this bloodshed, or you will do what you have done, knowing perfectly well that all the democratic intelligentsia will howl and will accuse you to the end, to the day you die, that you have slaughtered, strangled, destroyed.

A. Stroyev, LITERATURNAYA GAZETA department chief. Do you believe that our stores are full because industry and agriculture work so wonderfully?

A. Chubays. And do you think that in three years one could bring to recovery a national industry, 63 percent of whose output went for defense purposes, and bring it to the point where it would fill all the stores in the country, and provide a normal life and decent wages? Such hopes are groundless. Moreover, if you asked me as an economist before I came to the government: Dear Anatoliy Borisovich, can what has been done today—with full stores, with a very low standard of living, with a dissatisfied population, with an indignant democratic intelligentsia, but nevertheless with no significant bloodshed, and more importantly, with a real prospect that this line is taking the country to the class of growing economies—can it be done in four years? I would have told you: a one to 10 chance.

We got this chance. To me, it is amazing.

M. Shakirov, LITERATURNAYA GAZETA commentator. Why is labor in our country one of the cheapest in the world, but prices for goods approach world level?

A. Chubays. In the 1980's our country produced 2.5 times more combines than the United States, and yet we bought 20 million tonnes of grain. I hope you remember: Of each three combines arriving at the farm, only one was left, while two were dismantled for spare parts. And this is considering that this is where all the expenditures went. Which means that the country had three plants instead of one; it spent three times more material and financial resources than necessary. We inherited from the USSR a disfigured economic body. And now we are asked: Why is it that in three and a half years the government still has not ensured enough production to meet world standards? Why has it not closed three-quarters of Russian production and built in its place modern plants that can cut costs fourfold? Why are wages in Russia still a fraction of the world level? Here is why—because nobody in history has ever solved such tasks in four years, and nobody could. Speaking about grain, the country for the first time has restored its pre-revolutionary status—that of a grain exporter. In 1995 Russia sold more than 3 million tonnes of food grain.

V. Prokhvatilov, LITERATURNAYA GAZETA commentator. The enormous bane of the Russian economy, in my opinion, is the lack of economic responsibility at enterprises of all forms of ownership. To be precise, among their managers. Quite often, the director pockets the profit, and the government pays the accumulated debts. This is happening not only in production but also is spilling increasingly into the banking sector. As a result, we got an all-out spread of shadow operations and "amoral business." This "shadow" illness cannot be cured without clear market legislation. When will we have it?

A. Chubays. How can we impose order on what is happening inside enterprises? How do we force the director to answer to someone (as he did for 70 years, and then stopped)? How can we ensure that the owners—stockholders—have some rights with respect to the director? So that he cannot strike from the stockholders' registry the names of those he dislikes, as happened at the Krasnoyarsk aluminum plant? This truly is the question of questions. And it is no less important than everything I said about inflation, the budget deficit, and everything else.

Much effort will be needed to solve this problem. What we need is something called corporate law: a system of measures that strictly defines responsibility: director to stockholders, board to stockholders, director to the board, hired workers to those who hired them, responsibility to the banking system, and so on. The first key document is the law on joint-stock activities that has been drafted by the GKI [State Committee for Administration of State Property]. It is making rounds in the Duma now and hopefully there is a chance it will be passed. Next we will need a whole tier of normative acts, which we are only beginning to work on.

Going back to the question: What is missing to make privatization palatable for everybody—this condition was missing too. But while a year and a half ago it was simply ridiculous to talk about it, because nobody understood what we were talking about and what we wanted, now it is absolutely obvious: We can talk about it in the Duma, find compromises even with the agrarians on how the law on joint-stock companies will apply to former kolkhozes transformed into AO's.

N. Shirokova, LITERATURNAYA GAZETA deputy executive secretary. In what sectors of our economy will the production growth you mentioned begin next year?

A. Chubays. This is rather easy to tell by the movements in the securities market. It has this special trait: an anticipatory reaction to future growth zones in the economy. A year ago the only popular items on the securities market were oil, gas, power generation, and telecommunications. Then came sea ports, the cement industry, and food processing—some of its subsectors (for instance, tobacco) going up especially fast. Over the past two-three months new processes have been manifested in the securities market. For instance, banks are investing money in the domestic textile industry.

A. Udaltsov. Your forecast: How much will the dollar cost at the end of the year?

Voice. This is a million dollar question (laughter).

A. Chubays. Unfortunately, I cannot make such figures public. You have to understand, for financial market brokers this will constitute a direct signal, on the basis of which they will set the rates.

A. Udaltsov. My colleagues will not understand if I do not bring up the question of the press. There are no state subsidies for the press; paper and delivery costs keep going up. Only one in 10 Russian families now subscribes to a newspaper. There is an opinion among journalists that the authorities are trying to strangle the press by economic methods. And you are in charge of the economy. Which means we should hold you to answer.

A. Chubays. Over the past two-three weeks I have had several meetings. The agrarians say: The government is strangling the agro- industrial complex, the government must give us money. The vice president of the Academy of Sciences: The last remaining steps are being made in the direction of strangling science—give us money. A conference on the subject of culture: No chance we can save ourselves—give us money. There have been even more exotic statements. A respectable leader of the national commercial bank system told me that the banking system is on the verge of a catastrophe and the government should immediately allocate financial resources to commercial banks.

So rest assured: There are no unfair priorities. This is the general background.

Now regarding the press. My position is as follows. First. Increase the volume of budget appropriations earmarked for subsidies to the mass media, first of all the periodical press; in 1995 we did not have a real ability to do this. Second. There is a Duma decision on distributing this amount among specific publications. I believe that it is inefficient. In my opinion, the subsidies should go to those publications which by definition cannot and should not earn high profits—"thick" literary magazines, the press on the subject of culture, and so on. Alas, almost the entire scope of subsidies went to just one publication. The logic of this escapes me.

Third. The government cannot and should not influence paper prices in any way. Nevertheless, the government can and should regulate, through sufficiently strict and nonmarket measures, everything associated with prices in the existing system of delivery, which for a variety of reasons retains its monopoly. This means that the only way to control it is through a normal, traditional, administrative analysis of the cost structure, with financial audits, hard pressure on prices, and so on. Unfortunately, this has not been done until now, which I would acknowledge as my mistake, the government's mistake.

Conflict Between Politics and Economics

"How much does it cost? It is very costly. I can be even more precise—extremely costly"

A. Udaltsov. At the referendum in Belarus the population voted for economic integration with Russia. In your opinion, is it possible? Impossible? On what basis?

A. Chubays. You cannot even imagine what a sensitive question this is. Of all the questions I have been asked up to now, this is the most difficult. Nevertheless, I will try to answer. I have spent a lot of time dealing with it lately. This is a classic situation of a conflict between politics and economics. And I mean politics in a normal, healthy sense of the word. Politics, as a result of which the Russian and Belarusian people are linked through common roots. It was easy to predict the results of the referendum. Therefore, it is absolutely obvious that we need to move toward each other.

Now about the economic side of the issue. How much does it cost? The answer: It is very costly. I can be even more precise—extremely costly. The scale of the price is much greater than it is perceived at the everyday level. Even what is being done now, namely, intensive work at the very first stage of integration in the form of a customs union, will entail very serious economic losses for Russia.

A. Sabov. It Belarus really so much behind Russia?

A. Chubays. There are many component factors in this. The main lag is not in production indicators—it is the lag in the dynamics of reforms and everything stemming from it. Here are some examples. If we decide to remove internal customs (and this is currently being discussed), we have to understand the consequences. Of the total volume of Russian exports, 70 percent goes over Belarusian border. (By the way, the volume of budget revenue from foreign economic activities is R42 trillion this year.) Remove internal customs? This means that a big question mark will loom over these trillions. How do we eliminate it? We have to ensure Russia's participation on the external customs border. Which is what is currently being done. But this simple motto entails far from simple technical problems. Belarus' external border with Poland is one thing. And Belarus' external border with Ukraine is quite another. Or with Lithuania, which is in different shape. Next. Let us assume we have resolved all the tasks. We have reached an agreement on the external border, appointed our customs official as deputy to the Belarusian one, and 100 of our border troops have gone to serve on the Belarusian external border and will protect Russia's interests there. But what you need is thousands of them, or we simply have to rely on Belarusian customs officers protecting Russia's interests as zealously as Belarusian interests. But in the wake of this, much more serious problems emerge. I told you that we have repealed preferential treatment in foreign economic activities. I named the figures the budget has received thanks to this measure—the money has been wrangled from those who very much did not want to part with it. Now we all have to be certain that the entire structure of the Belarusian law regulating foreign economic activities is as effective as ours. This requires a new customs code—a document unique in its complexity. On the basis of the customs code you have to adopt import tariffs, with some tough rates on specific goods. And a number of other documents. All right, it is adopted. But even this is not enough. In real life it happens this way: There are documents, but there are also bosses' big telephones. You pick up the receiver, and they tell you: Take care of this. Well, the most important development that has taken place in Russia over the past four years: The telephones have stopped ringing. In order for me to get R4.2 trillion for the budget, it was necessary for me to make the phones stop ringing. And they did stop ringing for people who have very easy access to them. Trust me, I know what I am talking about. I get a call on the telephone today, and here is my answer: I would be happy to help, guys, but I cannot—there is a law. The customs code does not permit it.

Will it happen this way in Belarus? One hole, one organization getting an exemption from export duties in Belarus outside the law, by a telephone call, will be enough to bring down the entire structure of Russian customs legislation. And a hole in an amount of trillions of rubles will appear in the budget. This is what is meant by the economic price of the politically absolutely necessary Russian-Belarusian integration.

A. Borin, LITERATURNAYA GAZETA commentator. How do you feel about what is happening in Chechnya, about the fact that a member of your government, Grachev, is lying with abandon, the fact that we are told: There are no military operations there, and then we learn right away that they are in full swing?

A. Chubays. I can give you a legally precise answer, and an expanded one. On 12 January 1995 a government decree came out which assigns responsibility among its members. There is this line in it: Chubays, first deputy prime minister, supervising the Ministry of Economics, the Ministry of Finance, the Antitrust Committee, the Securities and Exchange Commission, the Commission on Insolvency.... In response to what you just said, do you have any complaints about any of the agencies whose activities I supervise? This takes care of the formal side of the question.

Now regarding the content of it. My position is this: Chechnya is the greatest tragedy in the history of Russia over the entire period since 1991. Nothing comes close to it, nothing compares in terms of human loss or severity of political consequences. Russia's image in the world was hurt—I felt it especially acutely in the United States recently. Those who traditionally took clearly anti-Russian positions got classic arguments handed to them.

But at the same time, in all honesty, I cannot say with certainty that there was an easy way to solve the Chechen problem.

L. Grafova, LITERATURNAYA GAZETA commentator. I have in front of me a document distributed by human rights organizations. It names concrete figures. In the estimate of the Economic Analysis Institute, each day of the Chechen war costs $60 million. This means that just over the first our months the government spent $7.2 billion on killing its citizens and destroying the national economy. If this is even half-true, why, in talking about economic prospects, did you forget about Chechnya?

A. Chubays. I know the authors of these calculations very well. The way they put it, $1.8 billion a month is being spent on the military operation in Chechnya, that is, about R9 trillion. Meanwhile, the entire federal budget financing for the national economy (including Chechnya, the military in general, health care, education, and so on) in January 1995 amounted to R5.7 trillion. The man who came up with this figure and whom Mrs. Grafova quoted here is Andrey Illarionov. He is knowledgeable about economics, which means that there is only one purpose for him to come up with the wrong figure—to lie. And to create the attitude that comes through in your question. He has achieved his goal.

According to Illarionov, all the money we have was spent on Chechnya. But what does it mean in Russia to stop financing the national economy for a month and not pay our debts? Had such a thing happened, Russia today would have neither government nor a president.

At the end of your question you said: "If this is only half-true...." These calculations are not half-true, or even a quarter-true—they are a lie.

Rutskoy Confirms Intent To Run for Presidency

LD0506200895 Moscow ITAR-TASS in English 2000 GMT 5 Jun 95

[By Yevgeniy Tkachenko]

[FBIS Transcribed Text] CHELYABINSK, June 6 (ITAR-TASS) — Ex-Russian vice president Aleksandr Rutskoy reaffirmed his intention to take part in the upcoming parliamentary and presidential elections.

Addressing his voters in Chelyabinsk on Monday, Rutskoy said "if I lose the elections I will stop all political activities."

Rutskoy, the leader of the Derzhava movement, said his major objective in the south Urals region is to persuade people to support and join his movement.

"I am confident that I will be able to establish such a movement.... We need to create a force which would be united not by political motives, but a common goal — to stop the plunder of the country. Ideology is immaterial. What is important is the goal. We need masses believing in this goal and supporting it," he said.

Asked what he would do first if he become the president, Rutskoy said he would bring to justice all those who allow the plunder of Russia.

Chief Justice Denounces 'Pressure' on Constitutional Court

LD0506192995 Moscow ITAR-TASS in English 1852 GMT 5 Jun 95

[By Igor Belskiy]

[FBIS Transcribed Text] MOSCOW, June 5 (ITAR-TASS) — The Russian Constitutional Court dismissed Duma Security Committee chairman Viktor Ilyukhin's statements as "threats" and attempts to "influence" the court.

"The State Duma deputy allowed himself very strange statements with regard to the Constitutional Court ... by calling it a 'group of politicians'," Chief Judge Vladimir Tumanov said on Monday.

According to him, Ilyukhin said that when new people come to power, "charges will be brought" against the Constitutional Court.

Tumanov said Ilyukhin's statements made at the press conference on May 31 and his intention to send inquiries to the Constitutional Court are a "form of pressure on the Court, which is prohibited by the law."

He said he was surprised by the statements made by a "professional lawyer who does not realise the real meaning of his words."

"It is sad that these are not the first such statements by the parliamentary faction to which Viktor Ilyukhin belongs," Tumanov said.

Media Issues

Yeltsin, Ignatenko Discuss Information Policy

LD0606102795 Moscow ITAR-TASS in English 1017 GMT 6 Jun 95

[FBIS Transcribed Text] MOSCOW, June 6 (ITAR-TASS) — President Boris Yeltsin received Vitaliy Ignatenko, ITAR-TASS general director and recently appointed Russian vice-premier, at the Kremlin on Tuesday, the Russian president's press service reported.

"The meeting participants discussed information policy of the Russian Federation," the press service said. "The president noted with satisfaction that the press started working more professionally and independently.

"The sides pointed to the need for more active state support for the leading and regional mass media. They also discussed social protection of journalists."

TV Channel 31's 'Good Intentions' Eyed

MM0606090395 Moscow PRAVDA in Russian 2 Jun 95 p 2

[Article by Vladimir Vishnyakov: "Fated To Have Good Intentions. TV Channel 31 Shows Its Face"]

[FBIS Translated Text] Despite the announcement of national mourning for the people of Neftegorsk, a lavish press conference was held in the Kremlin Palace on Wednesday by the television company "Teleekspress — Channel 31." Journalists were told by whom and for what purpose the 31st TV channel has been created and how it intends to develop. Then they were regaled with food and drink.

So the regiment of TV channels has increased. But will even one of them turn toward the real spiritual needs of working people, that is, the majority of Russians, or will the orgy of advertising and pop music aimed at disorderly teenagers and hard-headed businessmen prevail here too?

Channel "31's" broadcasting concept contains many fine promises and assurances of the best intentions. Russia is not only Moscow and Leningrad (oh, sorry, St. Petersburg, of course), the founders observe sagely — the founders are the Main Radio Broadcasting and Television Center, the "Studiya-123" creative association, and the "Evrosib" concern, which is based in the city on the Neva. It was particularly stressed that there are no foreigners among the founders — an interesting stipulation which attests to certain shifts in the understanding of what constitutes good and bad. The channel wants to "unite Russia on the TV screen." It wants, say, Irkutsk to know how Yaroslavl lives, it wants Arkhangelsk to know all about Vladivostok, Novgorod about Krasnodar, etc. To that end, a broad network of correspondents is being set up in the European and Asian parts of Russia and in the CIS countries.

The channel proclaims that "we can only revive Russia together." Who "we" are is not specified. Obviously it implies all Russians — from people of no fixed abode to the "new Russians" with their purses bulging with stolen money.

Among "31's" standard-bearers are many familiar faces: Academician Yevgeniy Velikhov, the writer Sergey Zalygin, the movie director Elem Klimov, the dramatist Aleksandr Gelman, the actress Lidiya Fedoseyeva-Shukshina, and other "talented and exceptional personalities," as it says. True, some of them are familiar to us not only for their past services to culture, but also for their active participation in the breakup of the country, the shelling of parliament, and other "democratic" accomplishments.

From the replies to specific questions about various aspects of "31's" activity a picture emerges of the "family" nature of its broadcasting, its "educational" thrust, and its "stabilizing" tone. And, of course, depoliticization.

How familiar all this is! The bloodsuckers who have crawled into power, in order to stay in post, badly need to turn the people they have robbed and humiliated into inarticulate slobs munching Snickers bars and purring contentedly to the accompaniment of some Thai melodrama about the heartrending love between a Japanese officer and a Thai girl — it is amusing that the acquisition of this very serial was announced by the "talented and exceptional" people in all seriousness as a rare service to the country's culture. Of course, it suits the authorities to have people zombified by colonial-democratic narcotic TV. People like that don't think seriously about anything, they aren't going to go and hold rallies in the squares, they probably won't even turn out for the elections. Before you know where you are, it will turn out that the bloodsuckers are holding on to their nice warm seats. And that is what they are gambling on.

For the moment, the new channel is only just beginning to show its face. There are good intentions. But there is no certainty that there is anything behind them. The sweet little girl Gyulchetay, or the crooked grin of yet another TV gangster. Time will tell.

St. Petersburg TV Chiefs Resign Over Organizational Changes

LD0506211795

[FBIS Editorial Report] Moscow Russian Television Network in Russian at 1900 GMT on 5 June broadcasts a five-minute report in which Bella Kurkova and Viktor Pravdyuk, heads of the Pyatyy Kanal [Channel 5] state television and radio broadcasting company, announced their resignations on a St. Petersburg television program.

They made this decision in protest against the alleged plans made in Moscow to transform Channel 5 from an all-Russian broadcasting company into a provincial one. They also protest against selling television time to commercial structures. Kurkova said in the program that the lines for Channel 5 have already been set up in the Ostankino studio, and this deprives St. Petersburg of its broadcasting independence, which was so important in August 1991 and October 1993.

Poltoranin on Mass Media Funding

954F2365A Murmansk POLYARNAYA PRAVDA in Russian 4 May 95 p 2

[Article by POLYARNAYA PRAVDA special correspondent R. Zykhovskaya: "A Bottle Autographed by a Potential President: Notes From Parliamentary Hearings"]

[FBIS Translated Text] Murmansk—Moscow—Murmansk—On 11 April the State Duma Information Policy and Communications Committee gathered journalists from all over Russia in the Parliamentary Center in Moscow. This was the way it carried out the decree of the State Duma, which at one of its meetings considered the question of how the constitutional article granting us freedom of speech is being realized in the country and demanded that special parliamentary hearings be held on the subject.

This topic apparently is also interesting for POLYARNAYA PRAVDA readers, who want to receive full information instead of information that is partisan or measured. Besides, we, taxpayers, cannot be indifferent to the amount spent on maintenance of newspapers and magazines.

These figures at the national level are quite impressive. The federal treasury spends 72 billion rubles [R] a year on the mass media. But the richest of all is, of course, the government. Last year it generously shelled out almost R40 billion on its newspapers.

Considerable amounts also are being spent for these purposes from our local budget. Over the past year the mass media "ate up" about R3 billion. These days such amounts are no longer sufficient.

What is the solution? Mikhail Nikiforovich Poltoranin, chairman of the State Duma Information Policy and Communications Committee (you can see him in the photo), knows a lot about freeing the media from servile dependency. I asked him to share it with us.

"All over the world, newspaper publishing is a profitable business. Except in our country, because in Russia these days any production is unprofitable. Aware of this, our committee has attempted several times to introduce changes and additions to the law on the mass media, precisely in the economic respect, so that newspapers could be self-supporting. The president torpedoed these amendments, however. Among other changes there was a new item there: Authorities at any level cannot serve as founders of a publication, with the exception of those publishing official announcements. And what authority would want to lose its newspapers?

"On 7 April the State Duma once again considered amendments to the law, 'cleaned' it up, and 'removed' those parts inconvenient for the authorities. I think that now the president will have no reason to veto it, as he has done in the past.

"Nevertheless, the fourth estate, the mass media—it is not accidental that this is what it is called everywhere in the world— must be free.

"This particularly applies to the local press. Lately the center of gravity has shifted to it. But a majority of publications get their sustenance from the local administrations. What fourth branch of power can we talk about in these circumstances....

"Our committee has worked out a draft federal law on support of local newspapers. If they cannot support themselves in our economic reality, then at least they should receive subsidies from the center instead of the local authorities, and be free from the whims of a particular bureaucrat.

"The ideal option, of course, is being proposed in the draft of another federal law on state support of the mass media and book publishing in the Russian Federation. It envisages the economic foundations of an independent press: tax, customs, and foreign currency regulations. If this law is adopted, we will have a free press, and readers will have access to complete information. If we do not get this legislation, any "moneybags" or big boss will be able to buy a newspaper. And a journalist for hire is no longer a journalist. It is hard to remain a highly moral newsman and live by high ethical norms on a salary of $30 a month. Neither will readers tolerate such newspapers for long, especially considering that they are becoming increasingly expensive. Over the last few years the price of vodka has gone up by a factor of 1,000, bread—2,000, and each newspaper issue—a factor of 10,000. Is there perhaps a purpose in arranging our life in such a way as to make readers lose interest in newspapers?"

Go Seven Miles To Eat What?

Listening to Poltoranin, I unwittingly recalled another meeting with him—in Murmansk. At the time, on the eve of the presidential elections, he had come to persuade Murmansk residents to vote for his friend Boris Yeltsin, the big-time democrat, under whom our people would finally stand tall and become free. Now it turns out that amendments to the law that may free the mass media from dependence on bureaucrats are being crashed by this freedom-lover.

Well, this is nothing new for us, and neither is, in principle, everything else that is happening in the mass media. Other trends also are perceptible—elections are approaching, which means one has to recruit supporters for help. Was this not the purpose of arranging the large-scale parliamentary hearings, which gathered—practically yanked out—newspaper staff from all over the country. It is not a small trip—from the Far East it makes quite a hole in a newspaper budget. But the crowd was substantial.... Apparently, many thought, like POLYARNAYA PRAVDA, that something very serious was up for newspapers and for readers....

When it was all over, many of my colleagues wondered—why did they bring us here; what did they want? To hear "remarks from the audience?" Do they not know without that how difficult life is for newspapers?

Did they intend to enlighten newspeople, give them first-hand information from the Duma? This did not happen either. We did not get anything we did not already know. The information presented by Anatoliy Yakovlevich Sliva, chairman of the State Duma Committee on the Questions of Self-Government, was intriguing. He talked about two unusually important documents, which have been recently received but "already leaked."

Naturally, after the hearings I attempted to get these papers, and found out that only the Duma had them. The next day I spent three hours nevertheless trying to get these documents, and then laughed long and hard at my own enthusiasm. The entire unheard-of misdeed in one of the documents was that the Yaroslavl Oblast vice governor issued "a decree relieving of his duties the head of the Uglich administration" and appointing his own man to this job.

The second document, on the subject of which Anatoliy Yakovlevich was so flirty, was a memorandum of Russian Deputy Procurator General V.I. Davydov. The most amazing fact in it is that V.I. Bolyak, head of the Kotovskiy Rayon administration in Nizhniy Novgorod, over a little more than a year, "in violation of the law on forming and utilizing nonbudget funds," issued from the budget loans to private enterprises in an amount of almost R5 billion, including R2 billion interest free. He also financed his election campaign with budget funds.

The periodical press tells us that there are zillions of such Bolyaks these days. Or perhaps this procuratorial memorandum looked so unimpressive to me because it is no longer possible to surprise us—scandals follow in rapid succession, but the authority mixed up in these machinations would not even stumble....

The Scamp Has a Finger in Every Pie

There was another political figure, who decided that the journalists who had gathered for the parliamentary hearings would make a good chorus line that could help him in the election marathon. Next to the table where registration of newspeople was being conducted stood another table, a very sizable one. Overflowing with books, portraits, newspapers, and leaflets. Also there was an unlimited quantity of blank forms, nicely typeset and machine- printed. Those who so wished needed only to fill in their last name and other pertinent personal data and send it to the specified address. And this made you a member of the Liberal Democratic Party of Russia [LDPR]. No bureaucratic red tape.

But this is a passive method of influencing our souls. When the parliamentary hearings were over we realized that Vladimir Volfovich did pay proper attention to the fourth estate. He left whatever he was doing and came to socialize with us. And he did not come empty- handed. Right by the central staircase of the Parliamentary Center on Tsvetnoy Boulevard, neatly packed cases were unloaded from the truck. At first I could not believe my eyes, but I finally had to accept reality. Handsome, polite, very calm boys presented everyone coming out of the Parliamentary Center with colorful bottles bearing Zhirinovskiy's portrait, while the LDPR chairman himself signed his autograph on the vodka bottles if someone wanted it as a memorable souvenir. I did not refuse the unusual gift. Our photographic correspondent Yuriy Chernopyatov took a photo of the strange souvenir. The autograph on the half-liter is not a facsimile. It is a real original.

Taking the opportunity, I asked Vladimir Volfovich about the deep meaning of alcohol with his image on the glass. It turned out to be very simple: "With this ecologically pure product I am fighting the imported alcoholic beverages harmful to Russian citizens' health with which the government has flooded the country."

One can laugh at all that happened near the Parliamentary Center; one can refuse to take it to heart; or one can simply try to forget it and shrug it all off as a bad dream. But one cannot shrug off and forget how one tried to buy your voice at the upcoming elections with a bottle of vodka, and others—with documents of little significance.

Military Issues

Yeltsin Yet To Accept Lebed's Resignation

LD0606085495 Moscow ITAR-TASS in English 0837 GMT 6 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW June 6 (ITAR-TASS) — President Boris Yeltsin refused to accept the resignation of Aleksandr Lebed, the maverick commander of the 14th Russian army in the breakaway Dniester region of Moldova.

Yeltsin "so far has not signed the resignation report of Lieutenant General Aleksandr Lebed, but has attentively studied his personal message and instructed Security Council secretary Oleg Lobov, Defence minister Pavel Grachev and Foreign minister Andrey Kozyrev to make their proposals in connection with the resignation report of the 14th army commander", presidential spokesman Sergey Medvedev told Tass Tuesday.

Lebed was the man who had ensured peace between Moldova and the Russian-populated Dniester region which wanted independence because of Chisinau's bid to unite with Romania.

Lebed offered to resign after he was ordered to reorganise the army. He had more than once warned that the reorganisation and the possible withdrawal of the army can allow extremists on both sides get hold of numerous weapons which may lead to a new war. His personal message to Yeltsin surely reiterates the fears.

Lebed is at odds with Defence minister Pavel Grachev as he is more popular among officers than the minister himself. Lebed is believed to get down to politics in case of resignation. He himself said, however, that he had never planned to become the Russian President, but made it clear he would agree to head the Defence ministry.

Yeltsin's decision to reject the resignation may be viewed as a snub to Grachev who had already signed the report. The dismissal of top army commanders is in the powers of the head of state.

Grachev said after signing the report that he did not make a "tragedy" out of the resignation. "General Lebed is an ordinary General. He has served for 23 years and now decided to become a political figure", he said adding that "Lebed is not the most outstanding General in the armed forces".

Lebed is expected to hold a press conference today in Tiraspol, the administrative centre of the Dniester region.

Lebed Refuses To Comment

LD0606110495 Moscow ITAR-TASS World Service in Russian 1020 GMT 6 Jun 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Text] Chisinau, 6 Jun (ITAR-TASS) — Lieutenant-General Aleksandr Lebed, commander of the Russian 14th Army, refused today to comment on news from Moscow that Russian President Boris Yeltsin has still to sign his resignation statement. He cited the fact that he set out all of his conclusions regarding the situation in the army and in the Dneister region in a letter addressed to the Russian president and said that he hoped that the Russian leadership would consider his case sympathetically.

ITAR-TASS was told at the 14th Army headquarters that subunits are engaged in scheduled combat training today and the commander himself is parachute-jumping with one of the units.

Medvedev Asked To 'Clarify' Situation

LD0606131495 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 6 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] A little light has been thrown on the situation here in Moscow regarding General Lebed's resignation statement. The Russian president, we have learned, has still to sign the general's letter but he is reading it carefully. As the situation with the document became quite confused yesterday, we asked Sergey Medvedev, the president's press secretary, to clarify things specially for our viewers.

[Begin recording] [Unidentified correspondent] Sergey Konstantinovich, could you please tell us whether or not it is the case that 14th Army Commander General Lebed's letter to the president has not been delivered into the hands of Boris Nikolayevich?

[Medvedev] I can tell you with complete certainty that the letter is in Boris Nikolayevich's hands. It was handed to him personally by first aide Viktor Ilyushin. It has not, however, been registered in the president's office, which is what I was saying yesterday. This letter has not been registered.

Boris Nikolayev has read the document carefully and has already issued instructions for Oleg Lobov, Pavel Grachev, and Andrey Kozyrev to investigate how Gen. Lebed carried out the president's orders when the general was appointed to command the 14th Army. The orders were these: to restore order to the 14th Army, to reinforce discipline, and, most importantly, to keep strict control over the weapons. The defense minister, the foreign minister, and the secretary of the Security Council were simultaneously instructed to prepare proposals in connection with Gen. Lebed's resignation statement. [end recording]

Grachev Satisfied With Fighter, Bomber Modernization

LD0606141995 Moscow ITAR-TASS in English 1404 GMT 6 Jun 95

[By Mikhail Shevtsov]

[FBIS Transcribed Text] MOSCOW, June 6 (ITAR-TASS) — Russian Defence minister Pavel Grachev today visited the aircraft flight testing centre in Zhukovskiy outside Moscow in order to "see the progress made in modernising aircraft of the types now in service with the Russian Airforce".

The Minister was shown the 21-century multi-purpose fighter plane and other new aircraft. The new fighter plane was shown to the Minister inside one of the hangars, and he then watched exhibition flights of an array of MiG modifications. The journalists were not allowed to see the secret fighter plane.

The Defence minister said he was satisfied with the progress achieved in modernising fighter planes and bombers. "This work aimed at improving the avionics is exactly what we need to ensure superior flight and combat performance characteristics of our airforces," the Minister stressed.

As concerns funding, Pavel Grachev noted that money for the domestic airforce was generated by the sales of equipment and it was provided thanks to the personal attention of the President and the head of government. That was why sufficient allocations were made to carry on research, experimental and design efforts, Grachev said.

Submarine To Launch Missile Carrying German Equipment

MM0606094795 Moscow IZVESTIYA in Russian 3 Jun 95 p 2

[Report by Viktor Litovkin: "Russian Sailors Will Carry Out Underwater Launch of German Scientific Equipment"]

[FBIS Translated Text] Sailors plan to launch an RSM-50 ballistic missile from a Kalmar-class submarine from a depth of 50 meters in the south of the Barents Sea during the first 10 days of June (tentatively the 6th). The missile will fly toward Kamchatka, an ordinary Russian missile test site. German scientific equipment has been fitted inside a traditional nose cone on the missile.

The equipment was sealed in in the presence of four representatives of Germany, and the missile transported to the nuclear submarine at Yagelnaya Bay, the base for the renowned Kalmars — strategic nuclear submarines of the Delta-3 class, according to NATO terminology, which carry 16 SS-N-18's on board.

I was told at the Russian Navy Missile and Artillery Armaments Directorate that for the purpose of the German scientific experiment they are using missiles which are being stood down under the START I Treaty and which do not require substantial outlay or significant alteration to carry a commercial payload. The experiment in June will be the second in the Russian Navy's history. The first took place one year ago and also involved a German commercial payload. The agreement on cooperation in research and the use of space for peaceful purposes was signed with the Germans not by sailors but by the Russian Space Agency.

The scientists in Bremen intend to use the information obtained as a result of the launch to develop a methodology for predicting earthquakes and various atmospheric anomalies. The Russian designers from Miass (all the strategic missiles for our nuclear submarines are created there — V.L.) have produced a flight recovery system for the thermal convection module — it is this which will help the German scientific gear make a soft landing on a special parachute at the Kamchatka test site — and have refined the RSM-50's flight program to incorporate Bremen University's requirements.

The money earned from the experiment will be very timely for our scientists and designers, particularly as our Navy will be unable in any way to pay the plants and design bureaus for the products manufactured and delivered to its bases.

But the sailors of the Northern Fleet, like the Navy Main Staff, will not obtain a single kopek for carrying out the scientific experiment with the German thermal convection module. The advantage in it for them, as an admiral I know told me, is that they will be able to carry out proper combat training as part of the underwater commercial launch of a missile, for which also, as usual, there are not enough funds.

Yak-130 Prototype 'Astounded' Aviation Experts

MM0606125395 Moscow Russian Television Network in Russian 1600 GMT 29 May 95

[From the "Vesti" newscast: Video report from Yak-130 presentation by A. Filippov, identified by caption]

[FBIS Translated Text] [Filippov over video of Yak-130 in hangar] The rumors about the decline of Russian aviation science and technology appear to have been greatly exaggerated. The military-industrial complex astounded specialists, diplomats, and the press with the new Yak-130 fighter-trainer today. According to specialists, the machine can fly as itself, or reproduce the flight characteristics of future combat aircraft. What this means is probably best understood by specialists or well- trained spies. Journalists, meanwhile, tried to understand what feelings — valor or rapture — are evoked by this stylish "little hawk" which, moreover, appears to be able to all but displace itself in space and time.

Flight tests of the Yak-130 will begin soon. The aircraft is in line with world market standards, and it may be assumed that it will supplant fighters offered by western companies with ease. It is gaining height rapidly. [video shows aircraft in hangar, people attending presentation]

Strategic Missile Troops Said in Financial Difficulties

LD0506212395 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 5 Jun 95

[From the "Vremya" newscast]

[FBIS Translated Text] Military experts have never doubted that the design of Russian missile silos would enable them to withstand any movement of the earth's crust. After all, these silos are designed to withstand a nuclear attack by a possible enemy. However, some experts point out that by the year 2003, when the period of storage of Russian missile rocket complexes which are kept in a combat-ready condition comes to an end, the facilities where they are kept in suspension will be rather dilapidated.

However, the high command of the Russian strategic missile troops, which is responsible for all land silos and mobile missiles, says there is no concern about the technical condition of the nuclear weapons. Nevertheless, it also says that insufficient funding for new developments in the nuclear sector may lead to the complete nuclear disarmament of Russia as early as 2005, when SS-33 [as heard] type missiles will have outlived their potential.

Today, the missile troops, who are constantly monitoring the nuclear safety of Russia, live in accordance with the favorite expression of their commander in chief: anyone can be on combat alert when there is money, but try to do so without it.

Although the largest units of the Russian nuclear triad, the strategic missile troops, are supposed to use only 8 percent of the Russian military budget, they say that they do not see even a small part of this money.

Yuriy Kononov, commander of the largest missile division in Europe and based near Saratov, says the danger lies not in earthquakes, but in the lack of money for the smallest part of the Russian Armed Forces. The administrative infrastructure is in disarray and there is a permanent danger of electricity power cuts at command points. It seems that Russia's nuclear safety does not depend on the design of missile silos after all. [Video shows missile silos which Russian strategic missile troops have for nuclear warheads; facility in an unidentified location, servicemen and women monitoring equipment, warheads being transported; Yuriy Kononov, identified as commander of a missile division stationed near Saratov, also shown]

Federal Assembly

Commission Fails To Resolve Electoral Law Issues

LD0506171795 Moscow INTERFAX in English 1630 GMT 5 Jun 95

[FBIS Transcribed Text] Moscow, June 5 (INTERFAX) — At its sitting Monday, the conciliatory commission for finalizing the presidential-vetoed law "On the Elections of Deputies of the State Duma of the Federal Assembly" failed to develop a mutually-acceptable version of the document, a deputy chairwoman of the Federation Council committee for constitutional legislation and judicial issues, Yelena Mizulina, told journalists Monday.

According to Mizulina, the Federation Council representatives agreed to leave the 50/50 ratio between State Duma deputies elected from single-mandate constituencies and by party tickets (currently 225 to 225), but demanded a number of amendments be introduced to limit the number of deputies from the center.

In particular, election associations were proposed to compile their electoral lists by regions so that each region be represented by no more than 30% of all names included on the list. In addition, it was proposed to introduce a "core part of eight candidates" in the federal list who "will not represent regions." The proposal was introduced by State Duma deputy Igor Lukashov of the Yabloko faction.

The Federation Council representatives proposed not to make deputies simultaneously nominated in a single-mandate constituency and by a party ticket exempt from canvassing signatures. According to the previous version, such deputies were relieved of this procedure provided the required 200,000 signatures in favor of the election association's federal list.

The State Duma side supported only the last amendment, but disagreed with those restricting the number of deputies from the center.

The conciliatory commission will resume its meetings this Thursday, June 8.

A spokesman for the State Duma faction of the Agrarian Party of Russia, Nikolay Kharitonov, told INTERFAX that the presidential aide on politics, Georgiy Satarov, had read out Yeltsin's letter at the meeting proposing the two houses find a coordinated solution and saying he was ready to sign "any version" of the law.

Ryabov Criticizes Merging Laws on Elections

LD0506172095 Moscow INTERFAX in English 1630 GMT 5 Jun 95

[FBIS Transcribed Text] Moscow, June 5 (INTERFAX) — Central Electoral Commission Chairman Nikolay Ryabov believes it is impossible and runs counter to the Constitution to merge the laws on elections to the State Duma and the Federation Council, the two houses of the Russian parliament. The idea had been voiced by State Duma Chairman Ivan Rybkin earlier Monday afternoon.

Ryabov told INTERFAX that "the Constitution directly says that forming the Federation Council and the elections to the State Duma are conducted on the basis of federal laws," that is "there must be a special law for each structure."

"It is possible to merge anything, but the Constitution must be respected while doing that," Ryabov added.

Aide Says Yeltsin Ready To Sign Election Law

LD0506171995 Moscow INTERFAX in English 1630 GMT 5 Jun 95

[FBIS Transcribed Text] Moscow, June 5 (INTERFAX) — Russian President Boris Yeltsin is ready to sign the law on elections to the State Duma if the parliament's two chambers manage to agree among themselves on the problem, the Russian president's Advisor on Political Issues Georgiy Satarov told journalists today after the meeting of the trilateral reconciliatory commission created for completing the election law.

Yeltsin returned the law to the State Duma, the parliament's lower chamber, in mid-May.

Satarov said that today the reconciliatory commission had discussed only the proportion of State Duma deputies elected from party lists and those from single-mandate constituencies.

Yeltsin rejected the proposal that the proportion be equal (225:225). He proposed that 150 deputies be elected from party lists and 300 from single-mandate constituencies.

Satarov said the Federation Council's representatives had backed the proposal of member of the State Duma's Yabloko faction Igor Lukashov that the "central part" (from central towns — IF) of the federal party list be seriously reduced by increasing the number of candidates in regions.

Satarov said the proposal had been mainly resisted by the Communist and Agrarian factions. Leader of the Liberal Democratic Party of Russia Vladimir Zhirinovskiy said he disagreed with the Federation Council's proposal approved by the majority of the reconciliatory commission, that the law include a provision on the necessity for collecting 1% (about 50,000) of voters' signatures in favor of candidates from single-mandate constituencies.

Rybkin Offers Compromise on Duma Election Law

MK0606072095 Moscow KOMMERSANT-DAILY in Russian 6 Jun 95 p 3

[Unattributed report under the "Journal" rubric: "State Duma Deputies Do Not Surrender"]

[FBIS Translated Text] At yesterday's sitting of the Duma Council, Ivan Rybkin proposed the incorporation of the laws on the elections for State Duma deputies and on the formation of the Federation Council into one law. As is known, the law on elections for State Duma deputies was sent back to the house by the president, who vetoed it over a fundamental disagreement with a number of its provisions. The draft law on elections for the Federation Council passed by the Duma calls for the formation of the house from the heads of the executive and legislative branches elected in Federation components, which does not suit the current Federation Council. The idea to meld the two draft laws into one is, in all likelihood, intended to make the Federation Council and the president forge a compromise with the Duma.

Yakunin, Ponomarev Announce New Bloc

954F2438A St. Petersburg SMENA in Russian 31 May 95 p 1

[Article by Ruslan Linkov: "Yakunin and Ponomarev—For Unification"]

[FBIS Translated Text] "The democrats are doomed to defeat if they propose 12 lists with candidates for the next parliament," declared Lev Ponomarev and Father Gleb Yakunin, deputies of the State Duma and cochairmen of the Federal Democratic Russia Party, at the SMENA press club yesterday.

Nevertheless, Ponomarev informed those present that next Thursday an announcement will be made in the State Duma on the creation of a new election bloc under the name of Democratic Russia. Its founders, besides the Federal Democratic Russia Party, were the Free Democratic Party of Russia (leader—Marina Salye) and the Peasant Party of Russia (leader—Yuriy Chernichenko). Intensified consultations are also being conducted with other groups of a democratic orientation.

As before, the cochairmen of Democratic Russia are convinced of the need to organize a single democratic association. They want to unite everyone, including Gaydar and Yavlinskiy. "If Grigoriy Alekseyevich will not support a rapprochement with DVR [Russia's Democratic Choice], DR [Democratic Russia], and other democrats, then after surpassing the 5 percent barrier in the parliamentary elections, he will not collect the necessary number of votes in the presidential elections, and he will burst like a soap bubble."

The DR will go into the elections under the slogans "Stop the war in Chechnya, reform the army, and continue economic reorganization." The main opponents of this bloc will be the communists and the national-patriots. The Chernomyrdin party of authority, in the opinion of the deputies, will barely get past the 5 percent barrier.

Lev Ponomarev and Father Gleb Yakunin have repeatedly visited the zone of combat operations in Chechnya, and conducted negotiations with Dzhokhar Dudayev. They now view the development of events around this Caucasus republic with skepticism. It seems to them that, at a minimum, the war will continue taking human life until the election of the new State Duma. "The situation with Chechnya is simply at an impasse."

Ponomarev talked about how it was possible in the lower chamber to collect 55 signatures for an inquiry to the Constitutional Court concerning the legality of the Duma's immediate adoption of the law "On Military Duty and Military Service" in the first, second, and third reading. This law was adopted by the legislators under pressure on the part of the Ministry of Defense, which was interested in replenishing the army waging war. In the event the Constitutional Court acknowledges a violation of the work regulations of the lower chamber, the law will once again be returned to parliament for reexamination.

Gleb Yakunin satisfied the curiosity of journalists who were interested in his relations with the Moscow patriarchate. He reported that he does not recognize the decision of the Synod to defrock him because of political activity. "Among the various hierarchs of the church, the Belarusian metropolitan, who at this moment is a deputy of the republic's Supreme Soviet, took part in the vote on this question. Recently a group of priests from the Moscow patriarchate were on the ballot for the Ukrainian parliament, and no one banished them from the church." Gleb Pavlovich also talked about the "urgent need to reform the Russian Orthodox Church, which has forgotten how to preach and is saturated with employees of the special services and a spirit of anti-Semitism." Gleb Yakunin emphasized that he sometimes serves in Suzdal and that Kiev Patriarch Vladimir always invites him to visit.

Deputies Comment on New Appointment to Press

LD0506172295 Moscow INTERFAX in English 1630 GMT 5 Jun 95

[FBIS Transcribed Text] Moscow, June 5 (INTERFAX) — There must not be any deputy premier post responsible for the press in as the committee for the press is vested with these functions, Deputy Chairman of the State Duma Gennadiy Seleznev (Communist MP) said commenting on ITAR-TASS General Director Vitaliy Ignatenko's appointment as new vice premier for relations with the press.

Seleznev, formerly editor-in-chief of the Pravda newspaper, is also in charge of information policy as a Duma official.

In an interview with INTERFAX on Monday, he said Ignatenko would have to relinquish one of the two posts given that ITAR-TASS is a co-founder of Russian Public Television (ORT) joint-stock company. He described Ignatenko as "a professional" and as "a shrewd politician", always afloat and never in opposition to any regime "from Brezhnev and Gorbachev down to Yeltsin."

Another Duma deputy chairman, Aleksandr Vengerovskiy, Liberal Democratic Party [LDP], hailed Ignatenko's appointment saying unlike his predecessor Sergey Shakhray, the latter was highly competent in media matters.

Vengorovskiy has no doubt that the new deputy premier will side with the president and his government in a coming election campaign. "It is always easy to calculate a professional's steps beforehand and that is why the LDP, which is capable of working with the mass media in an unusual mode, will find both easy and pleasant to defeat a professional such as Ignatenko."

For his part, Igor Yakovenko, of the Yavlinskiy-led faction, and the Duma Committee for Information Policy described the new appointment as a very successful move by "the power party" which tries to bring media resources under its own control ahead of the December poll. He called Ignatenko "an authoritative and influential mass-media expert", but expressed fears that the power party could misuse Ignatenko's energy and potential as a professional.

Deputy Proposes Bill on Public Enterprises

MK0606093095 Moscow SEGODNYA in Russian 6 Jun 95 p 3

[Report by Igor Lobanov under the "Lawmaking" rubric: "'Russia's Choice' Hastens To Make Sure of Status for Public Enterprises. They Are To Keep Some of Their Independence"]

[FBIS Translated Text] A draft law "On Public Enterprises" developed by Valentin Tatarchuk, State Duma deputy from Perm Oblast (executive secretary of the "Russia's Choice" faction) was put for consideration and discussion before yesterday's sitting of the State Duma committee on industry, transport, and energy. In his words, the government of Vice Premier Oleg Soskovets has for four months now been dragging its feet on developing this law, taking no steps in this direction. This is perhaps why the "Russia's Choice" representative finally decided to take over the initiative.

Tatarchuk said that the draft law proposed to the deputies defines the status of public enterprises that manufacture strategic products and should be fully controlled by the state and that should be financed out of the budget and cannot be privatized. Here the deputy chairman of the committee on industry pointed out that the draft law does not propose total interference by the state into the activities of this or that plant that has not gone through a public flotation procedure. If such an enterprise, for example, has already mastered the manufacture of a product outside the sphere of the state's strategic interests, the production shop manufacturing it may split off and form an independent legal entity.

In addition to proposing the law on public enterprises, Tatarchuk authored draft laws "On Federal Targeted Programs" and "On Land in Cities and Other Settlements." He has already put the latter before the State Duma. The law on Federal Targeted Programs will be passed on to the deputies at the end of June.

Regional Affairs

Update on Battlefield Situation in Chechnya

Gen Kulikov Addresses Vedeno Inhabitants

LD0406152795 Moscow Mayak Radio Network in Russian 1500 GMT 4 Jun 95

[FBIS Translated Text] Colonel General Anatoliy Kulikov, commander of the United Group of Russian Armed Forces in Chechnya, today addressed the inhabitants of the populated area of Vedeno, which was captured by federal forces yesterday.

The experiment that Dzhokhar Dudayev carried out on his own people ended in tragedy for the inhabitants of Chechnya, the general stated. He recalled that the political and military leadership had frequently proposed to the Dudayev supporters that they lay down their arms. He once again confirmed that any fighter who lays down his arms will not face criminal charges.

Kulikov categorically denied rumors that a deportation of the Chechen people is being planned or carried out.

Russians Say Dudayev Supporters Deserting

LD0506132795 Moscow ITAR-TASS in English 1302 GMT 5 Jun 95

[By Olga Semenova]

[FBIS Transcribed Text] MOSCOW June 5 (Itar-Tass) — More and more fighters desert from illegal armed units in Chechnya, and there are even facts when a number of field commanders flee from the zone of combat operations under the guise of refugees, a representative of the press centre of the command of federal forces in the territory of the Chechen republic, told Itar-Tass on Monday.

It is ever more difficult for Dudayev's propaganda to support militants' morale, he said. The representative of the press centre noted that there was a mobile TV centre among the equipment captured from illegal armed units at weekend. (The captured equipment included two antiaircraft launchers, two grenade throwers, three flame throwers, 254 kilogrammes of explosives and a mobile depot of ammunition). The mobile TV centre was used by the Dudayev supporters for the spread of false information about actions of the federal forces and about alleged successes of the militants.

American, French Journalists Detained

LD0506160195 Paris LCI Television in French 1500 GMT 5 Jun 95

[FBIS Translated Text] War is continuing in Chechnya. One must say that the task of journalists is not getting any easier. One American and two Frenchmen, (Noel Quidu) from the GAMMA agency and (Laurent Amida), an independent cameraman, have been detained since Saturday.

The Russian authorities arrested them after several weeks of reporting from areas controlled by the separatists. Their equipment was seized.

Chechens Claim To Recapture Vedeno

LD0606103995 Moscow INTERFAX in English 0929 GMT 6 Jun 95

[FBIS Transcribed Text] Arshty (Chechnya), June 6 (INTERFAX) — Early in the morning Tuesday Chechen formations captured the village of Vedeno, South Chechnya, INTERFAX was told by the Chechen Command. On June 3 it was occupied by federal troops as a result of a landing operation.

An INTERFAX corespondent was told by the Chechen Command that as many as four federal battalions were blocked and partly neutralized Tuesday and several armored vehicles burned.

According to a Chechen military source, all attempts of federal troops to break through to the encircled group failed.

The Chechen Command says Vedeno and neighboring communities are now subjected to intensive rocket and bomb fire.

The operation to oust federal troops from Vedeno was led by Shamil Basayev, an influential field commander. In the opinion of the Chechen military the landing of Russian troops in Vedeno was a risky operation because Russian units were cut off from the main federal force.

According to the Chechen headquarters, there is no clear line of confrontation in the direction of Vedeno while the positions of Chechen and federal troops resemble a layer cake.

Meanwhile, last night a spokesman for the federal command denied the reports of the Chechens recapturing Vedeno. He called them another propaganda trick of Dudayev's supporters.

Kulikov Denies Chechens Retake Vedeno

*LD0606104895 Moscow INTERFAX in English
0929 GMT 6 Jun 95*

[FBIS Transcribed Text] GROZNYY, June 6 (Interfax) — The commander of the joint federal force in Chechnya General Anatoliy Kulikov has categorically denied Chechen reports of the ousting of federal troops from Vedeno, a spokesman for the command told Interfax. According to him, federal troops fully control all communities in Vedeno region. Kulikov invited any journalist to visit Vedeno and see the falsehood of Chechen reports.

In Kulikov's opinion, the circulation of such lies indicates that Dudayev will do everything to play down the successes of federal troops and conceal the scale of his losses.

During the past 24 hours federal troops made several attacks on concentrations of militants in the areas of Orekhovo, Bamut and Bachi-Yurt. There was a clash in the direction of Nozhai-Yurt, the command spokesman said. Interior Ministry troops discovered a column of six vehicles with militants. Their weapons were suppressed and the militants scattered. Seven federal troops were wounded and two shell-shocked.

During the past 24 hours 45 militants were destroyed along with a tank, an air defense installation, four machine- guns and one mortar. Four armored vehicles were confiscated as well as six artillery guns, five mortars and seven grenade-throwers. According to preliminary reports, four federal troops were killed and 14 wounded.

In Groznyy offices of military commanders in Oktyabrskiy and Leninskiy districts came under fire. One policeman was wounded.

Neftegorsk Rescue Work Continues

*MM0606094595 Moscow ROSSIYSKIYE VESTI
in Russian 6 Jun 95 p 1*

[Report by special correspondent Aleksandr Ryabushev: "Increasingly Fewer Hopes, Increasingly More Work"]

[FBIS Translated Text] Neftegorsk — Yesterday it was 10 days since the Sakhalin earthquake, the largest in Russia. In Neftegorsk outside the destroyed houses people are lighting candles in memory of their dead relations. By a decision of the Sakhalin Oblast governor a provisional administration has been formed for the former township and has begun its work by organizing a funeral meeting for the surviving inhabitants of Neftegorsk.

Your correspondent was told by oblast Duma Chairman V. Maksutov that the creation of the provisional administration in Neftegorsk in no way means that the settlement destroyed by the earthquake will be restored. It has been formed to organize specific aid for the victims: funerals, housing, the issue of compensation for lost property, and humanitarian aid. One of the first in Sakhalin to decide to render not verbal but real aid was the collective of the Korsakov fishing cannery. On the very first day of the catastrophe its director, Oblast Duma Deputy Viktor Kudryavtsev, flew to Neftegorsk to organize targeted aid for the injured and joined the committee for the social protection of the victims. On his return to Korsakov the enterprise's council decided to send the surviving Neftegorsk inhabitants 100 million rubles [R].

On the first day 301 of the 1,036 surviving inhabitants of Neftegorsk appealed to the provisional administration for help and of these 183 have decided to leave Sakhalin forever. People are afraid of new earthquakes. Some of the remaining inhabitants have decided to stay in Neftegorsk while others are thinking of moving to Yuzhno-Sakhalinsk where the oblast administration promises to construct well appointed apartments for them. In the opinion of Sakhalin Governor Igor Farkhutdinov as early as August the first 30 of these apartments will receive people who survived the terrible tragedy.

According to the information of the Ministry for Emergencies headquarters as of 5 June 1,566 people had been pulled from the ruins of Neftegorsk and of these 1,165 have died, including 178 children. Some 394 people have been hospitalized. In the rayon center of Okha people are still lighting bonfires and sleeping in garages and dachas. The reason was the new force five tremor in Neftegorsk on Saturday night. No one suffered and there was no destruction. The rescuers are continuing to clear away obstacles, to seek out the living and dig out the dead.

The human organism's capacity for survival is striking. On the fifth day rescuers from the Ministry for Emergencies pulled out a three-month old baby girl alive. Unfortunately her name was not established. A little later her mother and father were rescued alive. Now the rescued family is in the Okha rayon hospital. But with every day there is increasingly little hope and more and more work for the burial team and more crosses in the new Neftegorsk cemetery.

Sakhalin Earthquake Prompts Debate on Northern Policy

MM0606090195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 6 Jun 95 p 1

[Interview with Pavel Zaydfudim, Russian deputy minister for nationalities affairs and regional policy, by Nina Trubnikova; place and date not given: "No Neftegorsk Means No Problems.... Did It Really Take a Disaster To Remind Us of the Collapse of the Russian North?" — first three paragraphs are introduction]

[FBIS Translated Text] The tragedy of Sakhalin is no longer hitting newspaper front pages. If you disregard scientists vying — as if in competition — to scare us with the thought of disasters. Yet no one seems to be worried by matters of everyday northern life: Why did the "prefabs" of Neftegorsk collapse in an instant like houses of cards? Why was there no normal highway between the village and the rayon center? Why was it only after the disaster that people remembered the mothballed seismic station in Okha?

Does this mean that no village means no problems?

Our interlocutor is Pavel Zaydfudim, Russian deputy minister for nationalities affairs and regional policy.

[Zaydfudim] The popular view of the North is of a snow-covered wasteland, permafrost, and polar bears. Yet it occupies two-thirds of Russian territory. The economy of the North produces almost one- fifth of the national revenue and provides 60 percent of hard currency revenue — whereas only 7 percent of Russian citizens live here. Virtually all of them are in a disastrous position: There is no work and no prospects.

[Trubnikova] Some economists believe that the population should be evacuated and industry axed....

[Zaydfudim] That leads to deadlock. Why destroy something that you have already built up? The North does indeed mainly contain large-scale production units involving costly investment. But these production units are essential for the country, they represent its capital in the 21st century. I have traveled extensively in the North abroad and studied the experience of the Arctic, Alaska, and Greenland. All these areas have state support and are treated as a source of national wealth.

I think that the starting points for our "Northern" policy should be the same — state protectionism, the preservation of national ownership of strategic resources, the introduction of a system of tax breaks, and state guarantees for the rehabilitation of the population.

[Trubnikova] There is talk today of the advantages of the duty-tour method of opening up Northern territories. Thus, on the site of Neftegorsk there will be a "duty-tour settlement"....

[Zaydfudim] There are just 400,000 people living in Canada's Northern Territories. Whereas in our country there are 12 million. That is of course too many. But a "great migration" from the North also represents an extreme. You must not forget the difficult situation with regard to the 200,000-strong indigenous population of 30 different peoples.

The program for the development of the North that our ministry has formulated is being examined by the government. I would like to take this opportunity to say that 14-16 June we will be holding an international conference entitled "The North and Russia's Revival: The Role of Public Opinion" at the President Hotel in conjunction with the Russian Association for Public Relations and with the support of the Foundation for the National and Cultural Revival of Russia's Peoples. I am convinced that public opinion regarding the fate of the North constitutes a sensitive barometer of the overall situation within the country.

Further on Chernomyrdin Meeting With South Russian Leaders

MM0606112395 Moscow TRUD in Russian 6 Jun 95 p 1

[Report by Igor Chernov: "Premier Promises Crucial Year"]

[FBIS Translated Text] Russian Prime Minister Viktor Chernomyrdin held a meeting in Sochi with the heads of southern Russian kray and oblast administrations. Agriculture Minister A. Nazarchuk and Moscow Mayor Yu. Luzhkov also attended the meeting.

The main topic of the meeting was the state of the agrarian complex in southern Russia, which, V. Chernomyrdin pointed out, is still the country's main granary.

They also discussed the problems of bringing in the coming harvest, which promises to be good in the south. According to Yu. Luzhkov, "the biggest customer for produce from the southern fields and plantations" — Moscow — is not receiving what it could owing to a shortage of transport. For instance, commercial structures have "grabbed" the entire refrigerator fleet of 60 ships. These ships used to deliver fresh vegetables and fruit from Astrakhan to Moscow, but now it is not known what they are doing.

In V. Chernomyrdin's opinion, the situation in the economy remains strained. But he could not help noticing that for the first time in all the years of reform successes had been recorded — in May GDP had increased by 1 percent. The ruble was growing stronger. Clearly the financial stabilization had resulted from tough policy. "This is hard for people," the prime minister said. "But there is no other option. Suffering is necessary. The 1995 program has to be endured. This year is the crucial one."

Krasnodar Kray Assembly Urges Slavic Unity in CIS

MM0606084395 Moscow SOVETSKAYA ROSSIYA in Russian 3 Jun 95 p 1

[Appeal by Krasnodar Kray Legislative Assembly to Russian, Ukrainian, and Belarusian Parliamentary Deputies: "For the Reunification of Peoples"]

[FBIS Translated Text] Esteemed deputies!

The celebration of the 50th anniversary of the Soviet people's Victory in the Great Patriotic War has once again reminded us that the division of the USSR's peoples, first and foremost that of the Slavonic ones, was artificial, illegal, and irrational.

The years following the signing of the Belovezhskaya Forest agreements have not brought any state formation within the framework of the CIS any success. The coming years will be even more difficult and troubled. Meanwhile, the idea of unification holds sway among the populace, confirming the result of the May referendum in Belarus. Reunification, first and foremost of the Slavonic peoples, is a natural process which will help to resolve many problems, including economic, political, social, and spiritual problems, not to mention the reunification of families and close relatives.

The process of reunification of the Slavonic peoples and the voluntary unification with them of other peoples who have lived for many centuries within the same state as them, has already begun and will inevitably take place. History has provided you with an opportunity either to facilitate this process by denouncing the Belovezhskaya Forest agreements, or to oppose it. A great deal depends on your political will and our long-suffering, multinational people will assess the merit of every deputy's position in the next elections and in the history of the homeland.

[signed] Krasnodar Kray Legislative Assembly

Deputies Urge Yeltsin Not To Return Governor

954F2362C Krasnodar KUBANSKIY KURYER in Russian 22 Apr 95 p 1

[Article by L. Urusov under the "In the Corridors of Power" rubric: "A Governor Is Not a Wall, He Can Be Moved?"]

[FBIS Translated Text] Five brave State Duma deputies have written to the RF [Russian Federation] president. They are trying to persuade Boris Yeltsin not to return Nikolay Yegorov, current deputy prime minister of the Russian Government, to the job of Kuban governor under any circumstances.

The people's elected representatives maintain that during his tenure as head of the kray administration a "significant decline in the level of socioeconomic development of Kuban" was permitted to occur.

One of the main actors in the Chechen drama also is being blamed for delaying for almost a year elections to the kray's legislative assembly. The authors apparently wanted to emphasize the difference between the presidential appointee and his high sponsor, who broadcasts from every podium that elections of the head of state and the parliament will take place as envisaged.

Are you curious to know what will happen to current Kuban Governor Yevgeniy Kharitonov? In an interview to the largest-distribution kray newspaper, the not-yet-fired head of the kray administration said that he personally has no intention of leaving and has heard nothing to this effect from the RF president.

Among those who signed the letter to the most important comrade were deputies subscribing to very different views: S. Glotov, V. Gritsan, and A. Dolgopolov. If they have started singing in unison, something must be adrift in the near-power atmospheric strata. What should be done?

On one hand, we, law-abiding ordinary citizens, have no reason to deny the people's friends the right to open our eyes.

On the other hand, however, it is the president's privilege not to share his secrets with numerous strangers, even if one of them is the first person of such a prominent region as Krasnodar Kray.

"So what next?" you ask.

This is what! Sit and wait while the leaders think. Especially keeping in mind that among them is our local man, house of lords chief Vladimir Shumeyko. I am sure he has no delusions as to who really is who.

And since the five bold Duma members (why, I am curious?) are terribly far removed from the leaders, their written proposal to hold Kuban gubernatorial elections and elections of local self- government heads in December 1995, at the same time as the parliamentary elections, will remain on paper, as has happened before. On which it is printed.

Wake up, Messrs. People's Mouthpieces. It is no longer 1990, the last and decisive year of perestroyka. These days everybody, from top to bottom, is fed up with people's power, even the most manageable kind. You can appoint three governors a year, if you wish, and people will keep mum.

Because they have realized that today is not the old regime. Today pushing for your rights is a waste of time. Too high to reach God, too far to walk to the tsar.

As for former, current, and future governors, they also have to live. The era of accelerated capitalism-building is putting the squeeze on them. What kind of sentimental feeling is there regarding duty to native parts? As you very well know, Moscow does not believe in tears.

Moscow Said To Dictate Krasnodar Policy

954F2362B Krasnodar KUBANSKIY KURYER in Russian 22 Apr 95 p 1

[Article by M. Sidorov under the "Notes From an Outsider" rubric: "The City Duma—A View From the Outside"]

[FBIS Translated Text] Krasnodar—A small conference hall with two entrances. About 15 tables, set up side by side in the form of a rectangular letter "O." The Russian Federation flag Bottled water on the tables. Drafts of new documents.

At the tables are deputies, about 25 of them. Behind them, on chairs lined up against the wall, are about 10 invited guests, including members of the press and radio broadcasting.

The deputies' age spans the full range. But there are already clear leaders, who speak more often than the others, with aplomb and confidence. Three, elected by the LDPR [Liberal Democratic Party of Russia] list, are young and energetic, not at a loss for words, aggressive, generators of ideas.

Cossacks, Fatherland, communists, and nonaffiliated—the entire spectrum of parties and movements is represented here. All educated; all members of the intelligentsia—the people did not elect workers and milkmaids, cooks and housewives. The Duma was elected from the "stratum," which at all times and among all nations, as it has been hammered into us in political economy courses, has faithfully served the ruling class.

Today the ruling class is personified by the head of the Krasnodar administration, N.F. Kryazhevskikh. And the deputies' chief interests revolve around him.

"Why does the city administration ignore the city Duma? Why are they not present at sessions?"—the young demand to know. The older ones, among whom are also administration staffers, remain silent or find excuses: "We are the administration. We can report everything to the chief."

Two clearly outlined main groups of deputies have emerged. The younger, led by Zhirinovskiyites and Cossacks; and the older, where the tone is set by administration supporters.

Formally these are apparently people close to Fatherland, communists, and parties of a democratic orientation, but in essence they are representatives of that particular "democracy" which rules the country today and which the press of all colorations has developed a fad of branding with the dirtiest words: "shitocrats," "grabbers," "occupiers," "servants of the capital," "lackeys of global imperialism," "turncoats," and so on.

Strange, is it not: The kray press is firing off at faceless "democrats" in Moscow and not noticing them under its very nose....

These two groups announced their existence at the very first meetings, although in the beginning the tone was set by the young and the Cossacks.

Being more active and cohesive, they rammed through the election of Cossack Dontsov as Duma chairman, adopted a decision to make the rebellious KUBANSKIY KURYER newspaper the official city Duma organ; outlined a rather interesting program of innovations for the city; and adopted some decrees limiting the city administration's omnipotence.

The spunk of the "defenders of the people" lasted only two or three months, however. It would be fair to say that on 12 April 1995 a quiet coup took place in the city Duma: The "defenders of the people" lost the majority in the Duma, which went to the ruling democracy. The Duma heeded the administration head's protests and obediently repealed its decision on the KUBANSKIY KURYER newspaper and others.

This "coup" was preceded by certain events. The "balanced and sensible" (as the KUBANSKIYE NOVOSTI newspaper described him) Shtefan, in the past himself an experienced administrator, walked out on Zhirinovskiy's party. The eloquent and logical Travnikov began to drift away from the "defenders of the people's" positions; and the aggressive Ivanchenko took a sharply hostile position towards the "defenders of the people" leader.

In the several months since the city Duma was formed, the city administration has managed to split the "defenders of the people" camp, leaving its leader Kolomiytsev nearly isolated, taking possession, so to say, of the controlling share of stock, and becoming master of the situation.

What can one expect of such a domesticated Duma?

Obviously, nothing good for the city population. What was yesterday will be tomorrow. The city administration depends entirely on Moscow; the head is appointed by President Yeltsin himself. This head is the chief manager of the city budget, space, and offices. He can hire people for prestigious jobs, but he can also fire them. He is helpless with respect to Moscow. Moscow dictated its will yesterday and will continue to dictate it tomorrow.

Corruption of the deputy corps by the executive branch has happened many times in the history of democracy. And the provinces are not that different from the capital in this respect. When was it that the people's servants did not want to live better than their masters? So they feather warm nests for themselves for their future civilian life while sitting on the warm deputy bench.

The young, of course, will continue to conquer the skies. And in time these chicks of democracy will grow into real political warriors.

It is very important for the people to hear these voices today. But since the Duma does not have its own newspaper, they will be slandered and dragged through the dirt in the bought-up mass media.

Russians, Others Migrate to Krasnodar Kray

954F2363A Krasnodar KUBANSKIYE NOVOSTI in Russian 22 Apr 95 p 2

[Interview with V.V. Remmler, chief of the Office of Nationalities, Migration, and Regional Policy Affairs of the administration of Krasnodar Kray, by A. Suvorova; place and date not given: "A Decree Is Good, But a Law Is Better"]

[FBIS Translated Text] The conversation that was started under our new rubric—"Interlocutor"—with A. V. Ivanchenko, a deputy of the Legislative Assembly of the kray, is being continued by V.V. Remmler, chief of the Office of Nationalities, Migration, and Regional Policy Affairs of the administration of Krasnodar Kray.

[Suvorova] Vadim Valeryevich, your office prepared a draft law on regulation of migration processes to the Kuban. In what way were you dissatisfied with the previous decree on this issue known as No. 222?

[Remmler] The decree is very useful. Although it gives rise to a lot of unfavorable criticism and interpretations. Some say that it is too tough, and that we must observe human rights regardless of nationality. Others think that all Russians should have the right to live in the Kuban. Still others think that not all Russians (Slavs) have to be accepted, only those who are associated with Krasnodar Kray by birth and origin. It is also impossible not to take the position of the law enforcement organs into account and, first and foremost, that of the Procuracy and the courts. They are insisting that our kray normative legislation contradicts the Russian law "On the Right of Citizens of the Russian Federation to Freedom of Movement and Selection of Place of Residence." But what will happen if we bring our kray normative acts into consonance with republic legislation? Runaway migration into the Kuban.... Therefore, I would not repeat right after A. Ivanchenko that only 5 percent of our decree works. It made it possible to reduce significantly, by a factor of three, the number of people who receive right of permanent residence in Krasnodar Kray.

[Suvorova] Nevertheless, a new document has been prepared....

[Remmler] It is another matter that the decree needs improvement and revision. Many comments and proposals have accumulated during the year that it has existed, which makes it possible to "filter" people more carefully, making life easier for those who are returning to their historic motherland, and making it difficult for all the rest. And yet no matter how good a document that is published by the chief of the kray administration might be, until it is corroborated by a kray law, it is much less effective.

[Suvorova] Well, just how many new countrymen do we have?

[Remmler] In the last year 104,105 persons received right to permanent residence in the kray. Before this, in 1993, 114,000 persons were registered here. It would seem that this is not a big difference. But, in fact, it is symptomatic. It was last year that we had a powerful surge of migration from Kazakhstan, where the law on languages went into effect, and from Ukraine, which people are leaving basically for economic reasons. And we also cannot forget "hot" spots—Georgia, Abkhazia, Tajikistan, and Uzbekistan. Yet another powerful source of migration is the so-called depressed rayons. This is in reference to the rayons of Siberia and the Far North. While at one time people went there for the good wages, now they are fleeing without looking back. Moreover, almost no one goes to the central and northwest rayons of Russia. As a result, every twelfth migrant who arrives in Russia ends up in Krasnodar Kray. But the Kuban is in no way, either in territory or in population, a twelfth the size of Russia. Therefore, if the already mentioned No. 222 decree had not existed, registration would have reached the level of about 300,000 persons per year.

[Suvorova] In his interview the previous guest of the "Interlocutor" rubric, A.V. Ivanchenko, cites terrifying figures for the number of migrants in the kray....

[Remmler] We are working closely with the Committee on Nationality Questions and Migration Policy and in cooperation with the sociopolitical associations of the Legislative Assembly of the kray. But I was greatly surprised by the figures Ivanchenko cited. As a matter of fact, in the last year about 122,000 foreign citizens and persons without citizenship were registered in the kray. Added to this are 77,000 persons who are living here without registration. Of these, 68,300 persons have been punished for violating registration procedures. Five hundred and thirty officials and others guilty of violating registration procedures have been punished. Thus, the figures that were cited in the interview have increased by several orders of magnitude. Imagine that there were more than 1.5 million migrants in the Kuban, as Ivanchenko says. In such a case, our stores would experience a critical shortage of food products. Because all calculations for the supply of foodstuffs are based on the fact that the agriculture of the kray must guarantee the nourishment of a permanent population of 5 million people. Are all the migrants fed by the market? This is not realistic.... Also, for example—employment.... Yes, we have high unemployment, but given 1.5 million "in excess," it should long ago have climbed above the 20 percent level. This is not happening according to either official data or the estimates of experts.

[Suvorova] Nevertheless, what is the number of migrants in the country today, counted and uncounted?

[Remmler] As I have already said, more than 104,000 persons were registered in the kray last year. Of these, 87,000 persons are Russians (or 84 percent), Armenians—5,679 persons (5.5 percent), 4,000 Ukrainians, and 1,000 each are Tatars, Greeks, and Georgians. The remaining nationalities are fewer by an order of magnitude. That is, as you see, a large part of those who registered (88 percent) are persons of Slavic nationalities. As for the uncounted migrants, we can talk only about those who have been disclosed during militia checks, fined, and deported from the territory of the kray. Unfortunately there is not one source today on the basis of which anyone could say how many people like this are here today. The situation is changing continuously. We can make an approximation only on indirect data—the amount of food products consumed by kray residents and the number of school children and number of visits to medical establishments. According to this indirect data, it turns out that there are on the order of 500,000 migrants on the territory of the kray at any one specific moment.

[Suvorova] There is reason for concern....

[Remmler] In no case is it possible to simplify the situation. Here A. Ivanchenko is correct. Under normal economic and political conditions we would not even have noticed these migrants. But in our already not simple life they are capable of seriously complicating the situation. Still, all our restrictions hit the Russian people most of all. Therefore a fundamental change is needed in our Russian legislation. A sound law is needed on citizenship and a law on repatriation of persons who are returning to their historic motherland. But as long as this is lacking, I think that each kray, oblast, or republic has the right to introduce its own regulation of the migration processes, taking into account the interests not only of the migrants, but also of the population.

[Suvorova] Thank you, Vadim Valeryevich, for the interview. We will hope that our legislators will approach the question of migration policy with the utmost seriousness and responsibility.

Krasnodar Kray Unemployment Worsening

954F2362A Krasnodar KUBANSKIYE NOVOSTI in Russian 19 Apr 95 p 1

[Report by S. Nastina under the "Where Are We Going?" rubric: "Unemployment Makes Itself Felt"]

[FBIS Translated Text] The problem of unemployment in the kray is becoming increasingly topical each day. As of 1 April of this year, the number of work-eligible persons not engaged in labor activity and looking for work rose to 36,500, of which 29,900 are officially recognized as unemployed. An especially serious situation has developed in some Kuban districts, where the overwhelming majority of large enterprises are in the construction industry. Currently, the unemployment rate in the city of Kropotkino already stands at 2.7 percent, Kavkazskiy Rayon—3.7 percent, and Gulkevichskiy Rayon—more than 4 percent. Because of the lack of orders, large enterprises are suspending operations and workers have no choice but to leave without severance pay.

In Gulkevichskiy Rayon last year more than 20 percent of enterprises in industry, transportation, and construction operated in the red, and accounts payable as of 1 January of this year amounted to 28.2 billion rubles [R].

The rayon administration, its employment center, and trade union committees do all they can to stabilize the situation. But all these actions have little effect today. Construction industry enterprises, designed to handle large state orders, cannot survive in the new economic conditions, although some of them are changing specialization. They resemble beached whales. The saddest part is that there are no real solutions to the situation....

This serious situation was discussed among other matters at a meeting of the kray's trilateral commission recently held in the kray administration headquarters. The commission consists of heads of kray administration agencies and departments, representatives of the kray's trade union council, and employers—heads of large industrial enterprises. Economic managers from a score of kray cities and rayons also were invited to this meeting.

Severodvinsk Submarine Works Hit by Severe Power Shortage

LD0506142495 Moscow ITAR-TASS World Service in Russian 0625 GMT 5 Jun 95

[By ITAR-TASS correspondent Vladimir Anufriyev]

[FBIS Translated Text] Arkhangelsk, 5 June — A system whereby electricity supplies to residential areas are switched off in rotation was resumed today in Arkhangelsk. The severe fuel crisis which the region's power plants are undergoing is growing worse. There are only enough fuel oil reserves at Severodvinsk and Arkhangelsk electric power stations for two to three days.

The Arkhenergo joint-stock company has warned the regional administration that there is a strong possibility that the electric power stations will stop supplying power and will be forced to supply their own needs alone. Tight restrictions on electricity consumption at the region's industrial enterprises have been in force now for three weeks. They now only receive 20 percent of the power they require. Work at the Severodvinsk State Atomic Submarine-building Centre is being done in so-called emergency power supply conditions.

Novosibirsk Mayor Issues Resolution on Tax Privileges

954F2410A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 29 May 95 p 6

[Decree No. 427 of 24 April 1995: "On Granting Tax Privileges"]

[FBIS Translated Text] For purposes of economic stimulation of the activity of individual categories of taxpayers, enterprises, organizations, and institutions that resolve important social and economic problems of the city and reinforcement of the policy for granting tax privileges on the basis of the Russian Federation law, "On the Foundations of the Tax System of the Russian Federation"

I decree:

1. Tax privileges shall be granted to legal entities and individuals according to the appendix.

2. Commissions of the mayor's office for considering applications and proposals for granting tax preferences shall make decisions concerning exemption from payment of taxes only in exceptional cases, for specific periods of time, and on the condition that agreements are concluded concerning the use of the released funds. Such forms of privileges as deferment of payments, mutual settlements, and tax credits shall be used extensively.

3. The municipal institution "City Bureau of Technical Inventory" (G.V. Kuznetsova) and the rayon administrations, for purposes of taxation, shall conduct inventories of property owned by individuals:

—stores and public catering and consumer service enterprises— before 1 July 1995;

—garages, vegetable storage facilities, dachas, garden cottages, and other structures—before 1 November 1995.

4. It shall be established that previously adopted provisions concerning local taxes and special fees and the mayor's decrees shall not be applied insofar as they contradict the present decree.

5. The present decree shall take effect on 1 April 1995.

6. The press center of the mayor's office shall provide for publication of the decree with an appendix indicating the categories of legal entities and individuals in the mass media.

7. Monitoring the implementation of the given decree shall be made the responsibility of the Department of Economics, the Administration of Finance and Tax Policy, and the State Tax Inspectorate for the city of Novosibirsk.

[Signed] City Mayor V.A. Tolokonskiy.

Appendix to Mayor's Decree

Legal Entities and Individuals With Tax Privileges

I. The categories of legal entities fully exempted from the payment of all kinds of local taxes and special fees (with the exception of the tax on advertising) and the tax on profit that goes into the city budget.

1. Budget organizations financed from the city and rayon budgets.

2. Religious organizations and also enterprises owned by them.

3. Educational and medical organizations and institutions for culture and sports, regardless of their forms of ownership, on the condition that no less than 75 percent of the profit is used for the development of their material base.

4. Housing construction cooperatives, garage construction cooperatives, vegetable storage facilities, and gardening societies that have no profit from leasing premises.

5. Educational-labor colonies for minors.

6. State enterprises for hydrometeorology and monitoring the environment on the condition that no less than 75 percent of the profit is used for development of the material base.

7. Enterprises selling periodical press publications through their own retail networks, the proportion of commodity turnover from which is no less than 50 percent of the overall commodity turnover.

8. Enterprises of the subway building complex on the condition that the released funds article be used for the construction of the subway.

9. State administrative and oversight organs financed from the federal and oblast budgets.

II. Categories of legal entities and individuals to whom tax privileges shall be granted for individual types of local taxes and special fees.

1. The special fee for maintaining the municipal police:

—legal entities shall be exempted from payment of the special fee in the amount of the independently rendered financial and material aid to law enforcement organs;

—subdivisions for nondepartmental protection under internal affairs organs.

2. The special fee for cleaning up the territory of the city of Novosibirsk:

—legal entities shall be exempted from the special fee in the amount spent on work for cleaning up roads and common areas with their own forces and at their own expense on an area of 8 square meters per one worker.

3. The special fee for maintaining the fire protection service:

—legal entities shall be exempted from payment of the special fee in the amount of the financial and material aid independently rendered to fire protection organs.

4. Tax for maintaining the housing supply and facilities of the sociocultural sphere:

—legal entities shall be exempted from payment of the tax in the amount of actual expenditures on the maintenance of the housing supply and facilities of the sociocultural sphere that are on their balance sheets or are financed by them according to the policy for shared participation (within the limits of the established city norms).

5. Advertising tax:

—philanthropic funds (for their authorized activity);

—budget organizations.

6. Land tax, tax on property of individuals:

—citizens who own residential buildings, apartments, dachas, garages, garden cottages, vegetable storage facilities, and other structures, with the exception of owners of stores and public catering and consumer service enterprises.

Sakha Republic Decree Increases Minimum Wage

954F2400A Yakutsk RESPUBLIKA SAKHA in Russian 29 Apr 95 p 1

[Decree of the Government of the Republic of Sakha (Yakutia) on Increasing the Minimum Wage]

[FBIS Translated Text] For the purpose of maintaining the population's standard of living and in conformity with RF Law "Increasing the Minimum Wage," dated 20 April 1995, No. 43-FZ:

1. The minimum wage is to be established in the amount of:

— effective 1 April 1995, 34,400 rubles;

— effective a May 1995, 43,700 rubles.

2. Effective 1 May 1995, the computation of the size of grants of aid to families having children, compensations as a result of the increase in the prices of food products, scholarships paid to school children and to students, postgraduate, and doctoral students in higher educational institutions, and of other social payments financed at the expense of funds from the republic budget and state nonbudgetary funds, the size of which has been established by legislation of the Republic of Sakha (Yakutia) is to be carried out in accordance with paragraph 1 of this decree.

3. To establish, effective 1 May 1995, the tariff rate (salary) of Category 1 of the Uniform Tariff Scale for payment of the labor performed by workers at enterprises, institutions, and other organizations in the

budgetary sphere that are financed from the republic budget, in the amount of 43,700 rubles a month.

4. To approve and to put into effect as of 1 May 1995 the Uniform Tariff Scale for payment of the labor performed by workers in the budgetary sphere in accordance with the appendix.

5. Republic of Sakha (Yakutia) Ministry of Finance is to define the sources of financing of the expenses linked with the carrying out of the measures stipulated by paragraphs 2, 3, and 4 of this decree.

6. Republic of Sakha (Yakutia) Ministry of Finance is to prepare for submittal to the State Assembly (Il Tumen) a draft of the Republic of Sakha (Yakutia) Law "Making of Amendments to the Republic of Sakha (Yakutia) Law, dated 12 April 1995, No. 57-1, "The Consolidated Budget of the Republic of Sakha (Yakutia) for 1995,"and to submit it to the Government of the Republic of Sakha (Yakutia) prior to 5 May 1995.

7. Effective 1 May 1995, to consider as being no longer in effect the Government of the Republic of Sakha (Yakutia) decrees dated 30 May 1995, No. 118, and 5 April 1995, No. 132.

[Signed] Yu. Kaydyshev, chairman of the Government of the Republic of Sakha (Yakutia) Yakutsk, 28 April

1995

Economic Issues

Chubays: Russia May Reach Economic Upturn Soon

LD0506153695 Moscow ITAR-TASS in English 1354 GMT 5 Jun 95

[By Yuriy Khots]

[FBIS Transcribed Text] Krasnoyarsk, June 5 (ITAR-TASS) — Russia has never been so close to economic recovery since the beginning of reform as it is now, First Vice-Prime Minister Anatoliy Chubays told representatives of the business community in Krasnoyarsk on Monday [5 June].

Chubays is in Krasnoyarsk to attend a session of the Siberian Accord forum which includes Russia's eastern regions from Tyumen to Chita.

For the first time the government has a real opportunity to radically change the economic situation in the country, he said.

All the prerequisites for such a change are there, Chubays noted. Inflation dropped from 17 per cent in January to about eight per cent in May. The rouble continues to strengthen. Production decline was only five per cent in the first quarter of the year, compared to 12 per cent projected earlier.

In addition, production began to grow in May, for the first time in years, and the gross national product increased by one per cent since the beginning of 1991.

For the first time, an improvement in the financial sphere has not been followed by a drop in production, Chubays said.

At the same time, he admitted that there are certain industries where production decline continues, including the production of consumer goods and forestry.

Chubays' words echoed Russian Prime Minister Viktor Chernomyrdin's statement last week that for the first time in years there has been some production growth, including in metallurgy, machine-building and petrochemical industry, and improvement in the financial situation. The gross national product has grown by one per cent over the first five months of the year, the premier said.

"For the first time we implement the programme which has been approved for the year," Chernomyrdin noted.

However, a high-ranking Russian legislator is less optimistic about economic stabilisation in the country. Meeting journalists earlier today, Mikhail Zadornov, chairman of the Duma Committee for Budget, Taxes, Banks and Finances, said the government is disillusioning itself by talking about economic growth because inflation rate in the first five years of 1995 exceeded that over the same period last year.

Inflation is not declining as some members of the government claim, but has been staying at around of 8-10 per cent over the last four months, he said.

Zadornov believes the rouble may continue to rise against the U.S. dollar until mid-August or September 1995.

The Russian economy is experiencing a shortage of roubles and people have been trying to get rid of the dollars for about two months a row.

He pointed out that the continuing decrease in the value of the dollar is a natural process from the point of view of the law of demand and supply.

However, from the "point of view of the gap between the current state of affairs in the financial sector and the economic situation, this is an artificial process," he added.

Zadornov stressed that there are no economic reasons which could account for the drop in the dollar's value because the economic situation in the country is not improving. If the government does not take measures to stabilise production, the rouble's growth will not last long and the dollar will begin to rise again in the autumn, he said.

At the same time, he believes that there will no new black Tuesday this year.

Chubays on Concern Over Strengthening Ruble

LD0506134095 Moscow ITAR-TASS in English 1255 GMT 5 Jun 95

[By Yuriy Khots]

[FBIS Transcribed Text] Krasnoyarsk, May 5 (ITAR-TASS) — "While our main headache in January was how to save the rouble, now it is how to save the dollar," first vice-premier Anatoliy Chubays said on Monday [5 June] at a meeting with members of the Krasnoyarsk business community.

He came to this Siberian city in connection with the ongoing session of the "Siberian Agreement" council which includes eastern areas of Russia from Tyumen to Chita.

The results of the five months of 1995 indicate that inflation dropped by 50 percent over this time, Chubays continued.

In May, it edged up on eight percent, instead of 17 in January. A sharp consolidation of the rouble, especially over the last few weeks, is taking place against this background.

Commercial banks dump the dollar. The government is concerned over one thing in this situation: the rouble's rapid strengthening forces the Central Bank to use huge sums of money to purchase dollars, emitting, thereby, the Russian currency, which is resolutely opposed by the government. "On the other hand, Russia's currency reserves are growing quicker than we expected," Chubais concluded.

Ruble 'Crowding Out' U.S. Dollar

LD0606083295 Moscow ITAR-TASS in English 0759 GMT 6 Jun 95

[By Yuriy Khots]

[FBIS Transcribed Text] Krasnoyarsk, June 6 (ITAR-TASS) — "The strengthening of the rouble is nothing unexpected to us. It is a result of the policy which we have been pursuing since early January", Anatoliy Chubays, First Deputy Premier of the Russian government, now staying in Krasnoyarsk, told reporters on Monday. He participates in the council of the "Siberian agreement" which includes major regions in Russia's east.

The shoring up of the rouble is also a consequence of the budget policy. "We began implementing the main economic law of the country which as a result of a financial policy when we stopped pumping money unensured with goods into the economy through Central Bank credits", Chubays said. And, finally, he believes this is also a result of the situation in the economy where a small but real growth manifested itself for the first time in the past four years. "When I predicted such a result in January this was described as 'empty verbiage'", Chubays said.

The rouble is strengthening, but some do not want to believe this. Some financiers now conclude futures deals for September-October at the price of 6,000 roubles for one dollar. "I feel sorry for these people. They are in for heavy losses. But this is their concern, not that of the state", Chubays said. "The state's task is to ensure that Russia has a strong national currency. The rouble is now crowding out the dollar in Russia, which is how it should be", Chubays said.

Strengthened Ruble Seen as Election Ploy

MM0606085495 Moscow SELSKAYA ZHIZN in Russian 6 Jun 95 p 1

[Review by political observer Aleksandr Bykovskiy: "Ruble Strong Through Production"]

[FBIS Translated Excerpt] [passage omitted] The disaster in Sakhalin has overshadowed all other events in the political life of Russian society, but processes deserving attention are taking place in the country. Above all, I shall talk of the strengthening of the ruble against the dollar that has emerged. Defenders of the government's present economic course see in this the start of Russia's economic growth, a natural result of the tough financial policy pursued by the authorities.

Well, recently the government has indeed been extremely parsimonious in its expenditure, hoping thus to halt or at least to take control of inflation. So parsimonious that, according to specialists' estimates, the number of officially registered unemployed could soon grow to 5 million. So if the tough financial policy does benefit anyone, then it is not us ordinary mortals, especially as inflation in May was as high as usual — 7-8 percent.

But why then is the ruble strengthening? I hear the interested reader ask. I fear that no one will give a full answer to that question. There are too many factors at the basis of this process — above all, I am deeply convinced, electoral factors. Since "black Tuesday," everyone remembers the Russian authorities have been trying to take control of financial processes in the country, including specific processes like what is allegedly the play of the market on the currency exchange. With the aid of skilled financial injections and considered measures of a protective nature, the state financial organs are managing to curb and sometimes even restrict what only recently seemed to be the indestructible might of the dollar on the Russian market.

At first glance a quite strange picture is created. After all, it is primarily the financial interests of exporters of energy raw material like the powerful joint-stock company "Gazprom" — the bulwarks of V. Chernomyrdin's government — that are suffering from the strengthening of the ruble. But let us remember who heads the "Russia Is Our Home" electoral association. Naturally, if this association and its leaders intend to win the future elections for that, they must create the appropriate financial situation in the country and ultimately demand that exporters of raw material share their powerful potential. Incidentally, "Gazprom's" potential (according to specialists' estimates) is $900 billion.

Of course this version of the reasons for the strengthening of the ruble is only the author's personal view of the events taking place, but I am sure that many people will agree with me that electoral motifs are beginning to dominate the statements and actions of Russian politicians. For instance, take the Russian president talking with inhabitants of the Moscow region and praising Russian potatoes. He promised that now the agricultural output of Moscow's environs would be given the "green light" into the capital whose food stores are swamped with imports, sometimes of poor quality. One might think that the taste of the Russian "second bread" was until then unfamiliar to Boris Nikolayevich and, still more so, to Moscow Mayor Yu. Luzhkov. No, the politicians are mindful of the approaching elections and know that the peasants will go to the polls and not stay at home.

And another thing — you do not have to be an economic leading light to know that the basis of a strong national currency is powerful and stable production and not only the financial ploys of government circles. It is with great regret that I have to note that despite the bureaucrats' bold assertions, in its present state the Russian economy does not instill any optimism. The authorities' present tactical maneuver does not affect their profoundly erroneous economic strategy, which essentially is continuing to lead to the country's transformation into a raw material appendage of the world economy.

Central Bank Chief Views Economic Situation

MM0506135895 Moscow TRUD in Russian 2 Jun 95 p 9

["TRUD Exclusive" interview with Tatyana Paramonova, acting chairman of the Central Bank of Russia, by political observer Vitaliy Golovachev; place and date not given: "Taming the Dollar. Central Bank Leader Tatyana Paramonova: 'The Ruble Must Be Russia's Legal Tender'"]

[FBIS Translated Text] Tatyana Paramonova, acting chairman of the Central Bank of Russia, likes crunching ice cubes like nuts. Without interrupting the conversation, she chewed one transparent cube after the other until, 15 minutes later, there was nothing left of the pile that was on the plate before her. A fresh portion was brought in soon afterwards....

This spacious office, whose appearance has not changed at all since 1936, is the room where several persons headed by T. Paramonova meet each morning and make decisions whose repercussions roll like a mighty wave across currency markets in Russia and abroad. These decisions are associated with the ruble's rate of exchange against the dollar, the amount of money in circulation, and other current economic issues. Very few people know that quite recently, in January, the country was on the verge of financial bankruptcy: There were hardly any foreign currency reserves left. This situation was much more serious than even the notorious "Black Tuesday."

During those weeks, which were dramatic for the country, Russia's prestige and the progress of reforms depended to a crucial extent on the professionalism and determination of the Central Bank's leader. Today it can be said: She won that battle. Russia not only pulled away from the brink of the precipice, but today it also has huge foreign currency reserves (in excess of $8 billion, according to some reports), something that has not happened for many years.

"This 45-year old woman is not one of those who would be worried about being appointed acting chairman of the Central Bank of Russia," Isabelle Munro wrote recently in the French newspaper LIBERATION. "Tatyana Paramonova is certainly in charge of a mighty instrument of power — money. She holds a key trump card — the support of Boris Yeltsin, who appointed her to this post by presidential edict. This happened immediately after 'Black Tuesday,' when the Central Bank was forced to sacrifice a sizable proportion of its reserves ($2 billion) to save the ruble from sliding into the abyss. Ever since then, Moscow's 'iron lady' has been waging a fierce battle to keep the ruble afloat and prevent its further decline. In her place, any Wall Street financier would already have established a record for consuming powerful drugs. Smiling but alert, Tatyana Paramonova speaks without notes, is sparing of figures, and quotes Balzac. This lady, who had for many years applied all the tenets of Marxism-Leninism and plan economics, has become an ace of discount rates."

On her desk you can see Kremlin telephones, as well as four direct-line instruments labeled "President," "V.S. Chernomyrdin," "V.F. Shumeyko," and "I.P. Rybkin...."

[Golovachev] Tatyana Vladimirovna, please reveal to us a burning secret that worries millions of Russians who have bought dollars: Who sets the ruble's rate of exchange against the U.S. dollar? Do you sit behind this desk and say: We will reduce the dollar by 24 points today and will raise it by two points tomorrow.... How does it work? Is it true that the Central Bank can set any rate it likes?

[Paramonova] It is all much more complex. Of course, the Central Bank plays a highly important role in this process, but we are not talking about a voluntarist setting of the rate by reaching up for a figure, as it were — "We'll reduce it today and raise it tomorrow;" we are talking about the pursuit of an economic policy in line with Russia's national interests and the consideration of very many obvious and not so obvious facts. It cannot be said that the Central Bank can set any ruble exchange rate it likes because the situation on the currency market depends not only on our own will but also on the behavior of market participants and on the demand for and supply of currency. We can and must smooth out any "leaps" in the rate and prevent "runs" that would be undesirable for the economy and the population, but we still have to operate with due consideration for market signals. At times we wish that things were different on the currency market, but there are parameters that are dictated by the economic situation, expediency, and demand and supply.

[Golovachev] Former Deputy Minister of Finance Aleksashenko says that when the dollar goes up and down three times a week in our country, this means that the Central Bank has no clear-cut policy in this sphere and that this is very dangerous....

[Paramonova] It may be that the whole point of a sensible policy is to respond appropriately and promptly to market signals while pursuing an overall strategic policy aimed at strengthening the ruble.

[Golovachev] At the beginning of the year the situation with Russia's foreign currency reserves was truly catastrophic. How did we manage to avoid a run?

[Paramonova] Today I could probably say a few things about this, but at that time even most of the Central Bank's staffers were unaware of the impending catastrophe (and Russia was left with foreign currency reserves sufficient for only two or three days). This situation was unprecedented. Only a narrow circle of specialists — if you would excuse the elevated style — were working to save the ruble. That was indeed a very difficult task. The Central Bank undertook a series of tough economic measures aimed at curbing speculative currency operations. And here is the result — stable situation on the currency markets, substantial increase of Russia's foreign currency reserves....

[Golovachev] But is there not a danger that a new "Black Tuesday" might occur? Look, the chart shows two curves: The one indicating the growth of inflation is rising more steeply than the other, which reflects the ruble's rate of exchange against the dollar. In other words, the ruble's rate of exchange is lagging behind inflation. The second curve lies beneath the first, and the gap between them is steadily widening. Incidentally, "Black Tuesday" occurred at a time when the gap between these curves was only half as wide as it is now....

[Paramonova] The situation was fundamentally different at that time: First, the government was borrowing from the Central Bank to fund the federal budget, and this served as a prime source of inflation (this is not happening today). Second, there was a growing process of "dollarization" in the economy, in other words there were massive purchases of the U.S. currency. Today's picture is the exact opposite — the withdrawal from dollars is under way and steadily gathering pace.

[Golovachev] What do you mean by "withdrawal from dollars?" Look at the latest statistics: The population spent 37.5 trillion rubles on foreign currency in January-April. How can you describe this as a withdrawal?

[Paramonova] Look at it on a monthly basis: The amount spent on acquisition of foreign currency was one-fourth of the population's money income in January, and only one-eighth in April. I think that the crest of this wave has yet to reach the population. But the commercial banks, which have a much sharper feel for the market, have started selling increasingly larger amounts of foreign currency.

[Golovachev] But why?

[Paramonova] It is becoming unprofitable to hold on to dollars. They no longer yield the profit that can be earned via other operations. Therefore, many banks are striving to get rid of U.S. currency. We are witnessing a new process, which is very important for Russia — the economy's "dedollarization." This is a significant point.

[Golovachev] Some economists claim that the dollar's rate of exchange (when comparing the Russian and U.S. GDP) is inflated tenfold. Your opinion?

[Paramonova] Let me answer thus: The dollar's rate of exchange follows the specific economic situation in our country at any given time.

[Golovachev] The strengthening of the ruble is good on the one hand and bad on the other hand. A decline of the dollar could lead to a sharp cut of exports and increase of imports. It would become unprofitable to sell oil and gas abroad while, in contrast, many firms would buy cheap dollars and use them to buy goods for import to Russia. A reduction of exports and an increase of imports could have a very negative impact on the country's economy....

[Paramonova] I am also very worried by this problem. And we are monitoring the situation most carefully. So far there has been no cause for special alarm. The state has levers and opportunities for an appropriate response to this situation.

[Golovachev] Why has there been a reduction of the inflow of foreign currency in Russia ($21.7 billion in 1994, $2.6 billion in January, and only $860 million in February)?

[Paramonova] This is yet another confirmation of our economy's incipient "dedollarization." Everything is normal, in my view. Russia must have just one legal tender — the ruble.

[Golovachev] It is being said that Russians at present hold an amount of some $20-30 billion....

[Paramonova] No, this is not true. According to our estimates, the population holds about $6 billion.

[Golovachev] Now, if you have no objection, I would like to move to a scandal that flared out last week. Commercial banks accused the Central Bank of pursuing a destructive policy. Your decision that banks should increase the proportion of funds held in cash (mandatory reserves) in their accounts with the Central Bank will, according to your opponents, have catastrophic consequences. According to their claims, the impounding of 6 trillion rubles [R] will prompt the ruin of banks serving thousands of enterprises and organizations. Not only firms, but also millions of citizens will lose their savings. What is your comment on these extremely grave charges?

[Paramonova] The Central Bank adopted these measures with a view to reducing inflation and protecting our citizens' funds against devaluation. As regards specific figures, the amount to be impounded was first said to be R25 trillion, then 9 trillion, and then 6 trillion.... In actual fact, by 1 May the banks had transferred less than 2 trillion. Therefore, there was no tragedy. The majority of banks treated these measures with understanding and made their contribution to the struggle against inflation. Had we not raised our reserve requirements toward the commercial banks, inflation would have risen again to 16-18 percent in the near future.

[Golovachev] So what is happening to the impounded money? Are you putting it to some use? To finance the war in Chechnya, for instance, as the press has said?

[Paramonova] No, it is obviously necessary to explain everything yet again. We are simply withdrawing this money from circulation so as to reduce the total amount in circulation, and these funds are frozen.

[Golovachev] What is the total amount of money in circulation? What is its structure?

[Paramonova] Here are some figures which are being released for the first time: As of 1 January this year, the total amount of money in circulation stood at R97.8 trillion. Of this amount, 36.5 trillion were cash in circulation and 61.3 trillion were non-cash funds.

[Golovachev] It would be interesting to know how much money was held by the banks at the beginning of the year.

[Paramonova] Correspondent accounts of 2,500 banks held R13.4 trillion.

[Golovachev] Money is circulating all the time. Will you succeed in constantly keeping the money in circulation under control?

[Paramonova] We are monitoring these processes on a daily basis.

[Golovachev] Is the West also monitoring on a daily basis?

[Paramonova] They do it four times a day.

[Golovachev] Nowadays Russians who have small amounts of uncommitted money do not know what to do with their rubles. It is unprofitable to buy dollars, the Saving Bank's deposit interest rates are always below the rate of inflation. Incidentally, the Central Bank holds a controlling block of shares in the Savings Bank, why do you not exert some influence on it?

[Paramonova] In January we instructed the Savings Bank to raise its deposit interest rate, and that was done. Being the Savings Bank's main shareholder, I think that in the near future we will succeed in convincing its leadership of the need to pursue a rational deposit policy.

[Golovachev] Every now and again you hear it said that some commercial bank either has gone bust or has closed down. How many banks' licenses have you withdrawn?

[Paramonova] 138. They owe depositors a total of R130 billion. Look at the "O.T.S." commercial bank (Moscow), for example. It did not honor its commitments to depositors and owes them 26 billion. This bank committed numerous and diverse breaches. We not only withdrew its license but also referred its case to the investigative organs. Or Omsk's "Kapital" bank, for example. It attracted money in the form of bills of exchange, but did not show this in its balance sheet. In other words, the bulk of money deposited by individuals and corporate bodies did not appear on its balance sheet.... Of course we withdrew its license. We did the same with the "Russian Municipal" bank (Moscow). It was another one that failed to honor its commitments to citizens and creditors....

[Golovachev] And what about "Chara?" Why have you not withdrawn its license?

[Paramonova] We asked the depositors themselves. They would like to try and "revive" the bank, using the remaining funds for this purpose. We met them halfway, we are ready to advise and give them methodological assistance, but we have no power to give "Chara" any credit.

[Golovachev] There has been extensive response to the report that the average salary of staffers from the Central Bank's central apparatus was R13 million in December. How much do your officials earn now?

[Paramonova] At the end of last year we paid in one month — December — all the bonuses and supplementary payments for the whole year. This was not the amount of the average salary. In actual fact, the average salary during the first quarter of this year was R647,000 a month. This is why we are worried about cadre turnover.

[Golovachev] Does the upcoming confirmation by the Duma affect your current work? Would it be better if you were to wait a little with issuing tougher reserve requirements for commercial banks?

[Paramonova] Many people have told me this. But this would be dishonest. These unpopular measures had to be taken in the spring for the sake of the cause, for our economy's sake, and this is what I did.

[Golovachev] I was told that you are something of a fighter....

[Paramonova] Outsiders have a better view....

[Golovachev] Do you like cooking?

[Paramonova] Yes, and people say that I am not bad at it. But I do not have enough time. My mother-in-law is cooking at home now.

[Golovachev] Where do you normally go for vacations?

[Paramonova] I have not taken any leave in the last five or six years.

[Golovachev] Your relations with the president and the premier?

[Paramonova] Good, businesslike.

[Golovachev] One last question. How do you appraise today's economic situation in the country?

[Paramonova] We are living through a unique and crucial period — the transition from high two-digit inflation to low single-digit inflation. This is a very difficult and responsible period. Today we have a real chance to take a step forward. We cannot afford to miss it...

Sbberbank Privatization Postponed Until Law Amended

MK0606075095 Moscow SEGODNYA in Russian 6 Jun 95 p 1

[AFI report: "Sberbank's Privatization Is Adjourned Until the End of 1995"]

[FBIS Translated Text] As a Sberbank representative said yesterday, it has been decided to adjourn an extraordinary meeting of Russian Federation Sberbank shareholders to discuss the problems of its privatization until the end of 1995. In his words, "This is partly due to the fact that at present the State Duma Budget Committee is preparing a proposal to amend the Law on the Russian Central Bank which in part bans the Russian [Central] Bank from owning shares of other commercial banks, specifically those of Sberbank and Vneshtorgbank."

Economic, Not Political Factors Causing Bank Woes

MK0606091095 Moscow SEGODNYA in Russian 6 June 95 p 1

[Report by Vadim Tishchenko under the "Sanctions" rubric: "Some Banks Deny 'Natsionalnyy Kredit' Their Trust. Lines for Trade With Oleg Boyko Have Been Closed"]

[FBIS Translated Text] According to several independent sources, the "Natsionalnyy Kredit" bank — one of the most well-known banks in Russia — is experiencing great difficulties in trading in the interbank market.

A dealer from one of the largest financial companies said that on 2 June some 100 interbank market members closed their lines of trade with "Natsionalnyy Kredit." Typically, this means that these banks refused to conduct currency (purchase and sale of foreign currency) and deposit (granting of credits) transactions without pledged security.

It should be added that, if lines for trade with some bank are closed, its representatives must personally submit their commercial proposals to heads of other companies.

A representative of another bank said that although "we are not trading with 'Natsionalnyy Kredit' directly, the closure of lines is not big news for us," since "information on the bank's poor liquidity has been circulating in the market for over a month now."

His colleague, a worker for the "interbank," noted that delaying payments has become common practice for Natsionalnyy Kredit.

The sources that have reported about the closure of lines for "Natsionalnyy Kredit" believe that the reasons for this situation lie entirely in the financial sphere (poor payment discipline) and have nothing to do with politics and the bank's political ambitions.

At the same time, representatives of the Interbank Financial House (IFH) — the main deal-making venue for the Moscow market — expressed their doubts as to "Natsionalnyy Kredit's" insolvency. No dealers working within the IFH system yesterday refused to make transactions with the bank. In the opinion of those who spoke with SEGODNYA correspondent, "Natsionalnyy Kredit" could have had a boycott imposed on it "for its improper behavior in some conflicts, specifically in relation to the bankruptcy of the "Favorit" bank.

Import Tax Rate Hike Impending

954F2437A St. Petersburg
SANKT-PETERSBURGSKIYE VEDOMOSTI
in Russian 30 May 95 p 1

[Article by Vladimir Novikov: "You Like Dressed Chicken—Get Your ECU's Ready: Not Only the Poor But Also the Rich Will Cry Over the New Customs Import Duty Rates"]

[FBIS Translated Text] The fence on the import road to Russia has become higher—new customs import duty rates are being introduced in May-June which on the whole are much higher than previously.

Acquaintance with the new rates shows that the intentions of the government and the State Customs Committee were the most noble: To promote the development of the social sphere and the revival of the economy, to protect the country's producers, and to replenish the budget. Permission is given for the duty-free import of materials for scientific purposes, medical transport, and industrial and agricultural raw materials that are not produced or are in short supply in the country. On the other hand, however, a barrier is placed on the path of finished commodities that is sometimes insurmountable by honorable means. We have not been eating lobsters, crabs, and various other delicacies—we will especially not eat them now. The importer will have to pay 12-14 ECU for each kilogram of these products, but the ECU is a conventional monetary unit equal approximately to $1.30, or 6,483.91 rubles, according to the exchange rate on 29 May. Calculate for yourself what the payment will be now for the right to import.

However, it is not a matter of lobster, but, for example, the kind of product that is on the table of practically every city resident—dressed chicken. The rate for it has been increased from 8 to 25 percent of its value. For the import of dairy products such as yogurt and kefir, it will be necessary to pay 10 percent; for butter—20 percent. The implication of the new rates is obvious: The agrarians of the country have been complaining a long time that the import of foodstuffs, especially dressed chicken, is ruining the village and chicken factories. The consumer frequently chooses imported dressed chicken for R7,000, but not local chicken for R8-9,000. Now the price advantage will clearly be on the side of Russian broilers and laying hens, but only on condition that the agrarians do not in celebration once again make their prices higher than foreign prices.

It is not only the poor who will have occasion to cry over the new rates, but the rich also. The rates on imported automobiles have been increased once again. As for mink articles, for example, mink coats, it will be necessary to pay 150 ECU for each kilogram of weight; that is, $200.

We repeat that the intentions of the government and customs officials are noble, although the hand of lobbyists can be sensed in the new rates, especially in the agrarian and automobile rates. However, as a result, it is once again proposed that we pay for the radiant future out of our pocketbooks. The revival of the country's economy will take place some day, but prices for imported foodstuffs will go up in a couple of days.

As for the economic subtleties, experts are put on guard by the possibility of double calculation envisioned in the new rates: a percentage of the value of a commodity, but "not less" than so many ECU. This was done so that the price of an imported commodity is not reduced, but if "not less" of some price is written, then does this mean "a higher price" is also possible? The problem of the customs legislation in effect is that it is perfectly legal to form one and the same shipment at different rates, which confirmed a total fiasco with the former rates, also very high, for the importation of automobiles. New Mercedes and BMW's are being imported by the hundreds and thousands, but the full rate was paid in the city last year only....for three automobiles. Thus, those who cannot jump over the customs barrier will have to try to crawl under it as usual.

Hike in Food Import Duties Welcomed

MM0506134395 Moscow SELSKAYA ZHIZN in Russian 3 Jun 95 p 2

[Article by Economics Editor Yuriy Savin: "An Enforced But Necessary Measure. Regarding the Introduction of New Import Duties on Food"]

[FBIS Translated Text] The Russian Government decree "On Approving Rates of Customs Import Duties" adopted in early May will enter into force mostly starting 1 July, and certain provisions will enter into force later, even in October. However, the first propaganda wave declaring that this decision is virtually the main element in a new round of inflation has already swept over us. In passing, attempts are made to suggest to people that the authorities have fallen victim to the peasantry's excessive appetite for budget appropriations.

The increase in import duties will naturally affect the food market. It would be an illusion to believe that traders will not attempt to compensate via prices — at purchasers' expense, of course — for the duties levied on them by the customs service. In the opinion of Leonid Kholod, chief of the Russian Ministry of Agriculture and Food Main Prices Administration, it cannot be said that the new import duties will have any catastrophic consequences for the domestic market. Compared with the existing rates, the increase is on the whole modest. For instance, duty on meat will increase by 7 percentage points (from 8 percent to 15 percent), duty on butter will increase by 5 (from 15 to 20 percent), and duty on poultry meat and sugar will also increase by 5 (from 20 to 25 percent).

Are there any grounds here for the predictions of officials in Yuriy Luzhkov's team that retail prices of poultry meat, powdered milk, and butter will instantly go up by 40 percent (when the increase in duty is 5 percent), beef will go up by 70 percent, and sugar will double in price! Such judgments look more like blackmail. Even more likely, like an attempt to dupe Russians yet again and justify a new round of food price hikes with arguments about customs policy. What was there to prevent traders and middlemen from curbing their financial appetites at the start of this year? The dollar seemed to be falling and losing ground to the ruble. Nevertheless, by May beef had gone up by around 60 percent, poultry meat by 38 percent, butter by 31 percent, vegetable oil by 27 percent, sugar by 43 percent, and milk by 90 percent.

All this was despite stable low customs duties, despite the fact that importers were exempted from paying the value-added tax so carefully levied on domestic entrepreneurs, and despite massive connivance on the borders (last year 72 percent of food and 83 percent of alcoholic beverages were imported into the country without payment of duty). I would remind you that the gentlemen from the tax inspectorate will have the shirt off a peasant's back if he takes it into his head to sell his goods more cheaply than decided on high.

In specialists' opinion, our businessmen would extort even more out of trade were it not for the population's falling purchasing power. In simple terms, the mass of Russians is increasingly unable to purchase increasingly expensive food. Even according to official figures, Russians' real incomes have fallen by 25-30 percent. An overly sharp hike in prices would cut too many consumers off from importers and would increase spoilage.

Even now a great deal of attractively packaged rubbish is imported into our country from abroad. According to State Trade Inspectorate inspections, 32-39 percent of imported poultry meat and cheese, 26 percent of oil, half of canned meats, tea, and coffee, two-thirds of liqueurs, vodkas, and sausage products, and 89 percent of canned dairy products can be clearly classified as substandard. In general, when there are vast profits at stake many foreign entrepreneurs and their Russian agents care nothing for considerations of prestige and humanism.

I doubt that our authorities have suddenly conceived an ardent desire to protect Russian peasants from unscrupulous competition from abroad. The policy of stifling the domestic agro-industrial complex continues. The economic bloc in the government has probably decided somehow to rectify matters regarding the budget. They are unable or unwilling to collect the full share of taxes from the "new Russians." Chubays' monetary privatization has yielded such miserly revenue that they are ashamed to mention it, but import duties, according to various estimates, will yield from $0.5 billion to $2-3 billion.

However, I would like to hope that the present authorities will come to realize how acute the situation with regard to Russia's dependence on imports is. It is believed that if 20-30 percent of the needs of a country such as ours are being met from imports, it is possible to say that it has reached the limit of its food security. In some regions, primarily in Moscow and St. Petersburg, this threshold has long since been crossed. Let us emphasize that this has had lamentable consequences for dairy and meat livestock raising, poultry raising, and other sectors on the surrounding territories.

Another aspect of the problem is also being highlighted. Our import boom has coincided with a need on the part of Western countries for the rapid sale of relatively cheap surplus food. The point is that they needed to renew state food reserves. They needed to sell off the produce they had had to purchase in implementation of programs to support their own farmers. No one would purchase these surpluses at Western prices, so then they used subsidies to those who managed to offload the foodstuffs on the East.

Essentially we have been importing food at dumping prices, that is, greatly understated prices. It suffices to say that oil reached our borders at one-fourth the price in stores in the exporting country. This opportunity for Western traders and their Russian partners may soon decrease: Cheap stocks are shrinking, and the World Trade Organization is ordering a reduction in the level of state support for farmers. Thus, imported food will become a lot more expensive for us as well.

Meanwhile the sledgehammer of Western dumping and the ruinous domestic financial and credit policy have brought entire sectors of Russian agriculture to the brink of ruin. One-fourth of the population of cattle and over one-third of the population of hogs and sheep has been slaughtered. Millions of hectares or plowland, including irrigated land, have fallen into neglect. Entire sectors of the food market where Western monopolies can now dictate prices are emerging more and more clearly. Naturally, the monopolies do not act in favor of the Russian consumer.

In order to prevent this situation, we need vigorous support for Russian commodity producers. At present they are working at a loss. Indeed, how could it be otherwise when prices of agricultural output increased 224 times over between 1991 and 1994 while industrial prices have increased 785 times over. When he gets one-third the wage of an industrial worker, the peasant cannot make ends meet.

Rural people are practically not allowed to enter the market. What kind of "competitive environment" is it where the purchaser is an entire city — Moscow, with its population of many millions? It is easier for the capital's government to load up an entire ship abroad with meat and drumsticks than to engage in daily donkeywork to procure food in Russian oblasts. And this is what is happening in practice.

Because of the lack of any order and low prices, our rural commodity producers receive a clear signal from this phantasmal market: "Your goods are not wanted." Therefore, they reduce the supply of food to consumers.

The near future will show whether the new import duties will help to open up the food market to Russian peasants. All that is necessary is for the government not to give way to the trade lobby, as happened last year.

It is even more important to ensure that the additional income does indeed reach the peasants. It is well known that in recent years agricultural producers' share in the end price of foodstuffs has decreased almost three times over to somewhere around 20-25 percent. It is primarily up to the executive branch to improve this correlation in the countryside's favor. To ensure that the peasant — no matter where he works: in a kolkhoz, sovkhoz, cooperative, joint-stock company, partnership, private farm, or personal subsidiary plot — has an interest in supplying more and more good-quality Russian produce. This is in the interests of all Russians. After all, foreign countries will not feed us.

Chubays on Foodstuff Importers' Profiteering

LD0606081995 Moscow ITAR-TASS in English 0656 GMT 6 Jun 95

[By Yuri Khots]

[FBIS Transcribed Text] Krasnogorsk, June 6 (ITAR-TASS) — "Raising duties on imported foodstuffs and, as a consequence, an internal price rise is a lie of those who are interested in it", Russian First Vice Premier Anatoliy Chubays told journalists today. He was attending a session of the "Siberian Agreement" council which unites major regions of Eastern Russia.

There is no need to be a big economist in order to understand what is happening in the country, Chubays further said. Our importers, in particular, who supply foodstuffs to Moscow, purchase them for the U.S. dollar, which they, in their turn, buy at the capital's currency market. But in Moscow's currency market the dollar has lost nine per cent of its weight during May. That is to say, in this month alone, when nothing has happened with import duties, when tariffs are not raised even by a single rouble, importers doing business at the Moscow market made a nine per cent profit. These are fantastic profits, the vice premier emphasised. They cover all possible future losses by raising import tariffs during one month alone. But it rises, as a whole, by a little over two per cent on foodstuffs, he said.

"I declare that any price rise of foodstuffs in Moscow, if so happens, will be a result of a direct collusion among monopolists, supported by the city authorities", Anatoliy Chubays emphasised. "Political accusation in this case, and may be not only political, will be levelled in full, because elementary arithmatics confirms that the importers' life is improving today", he said. If they are going to raise prices, it means that they intend to support somebody's interests, the vice premier concluded.

Yeltsin Team Blamed For Wrecking Agriculture

MM0206155095 Moscow SOVETSKAYA ROSSIYA in Russian 27 May 95 p 2

[Article by V. Kabanov, corresponding member of the Russian Academy of Agricultural Sciences: "Agrosabotage. Russian Countryside Reeling From Yeltsin's 'Reforms'"]

[FBIS Translated Text] The so-called agrarian reform being carried out in our country, aimed at the disintegration of collective and state farms, is bearing its bitter fruits: Just like after an enemy invasion, Russian land that is being torn to shreds and losing its fertility is becoming a scarce commodity. In the last two years alone, the sown areas of agricultural crops have decreased by 7 percent, grain crops by 9 percent, and sugar beets by 23 percent. The application of organic fertilizers to the soil has decreased by almost one-half and that of mineral fertilizers by a hefty three-fourths. The yield of grain crops has decreased 16 percent, last year 26 million tonnes less grain was harvested.

People are speaking out increasingly loudly about the advantages of importing products from abroad on the grounds that they are allegedly better and cheaper from there. Words are being backed by deeds: Already every fifth tonne of the meat and meat products at the disposal of this vast country is made up of imports. Neither foreign farmers, nor our newly emergent merchant traders, nor (rest assured!) the organizers of this subversive dumping exercise are losing out. The only loser is the Russian peasant, poor devil, who has been left to face the economic problems all alone.

A crushing blow has been dealt to the most labor-intensive and capital-intensive sector — livestock raising: The livestock population is steadily decreasing, livestock and poultry productivity is decreasing, there is a catastrophic fall in the production of meat, milk.... Compared with 1990, the number of cattle in 1994 had decreased by 14.9 million or 26 percent, the number of hogs by 15 million (38 percent), and the number of sheep and goats by over 25 million, which is 41 percent of the base level. During this time meat production decreased by 2.5 million tonnes (27 percent), milk production by 9.1 million tonnes (17 percent), and egg production by 9.5 billion or 22 percent.

This devastation of Russian private farms is comparable only with what happened in the years of other great social upheavals, of which, as we know, there have been three this century in our country. During the civil war years the livestock population decreased by an average of 17 percent, in the period of agricultural collectivization it decreased 42 percent, and in the Great Patriotic War years it decreased 34 percent. For example, it took 11 years in the first case, 25 in the second, and 10 in the third to restore production volumes.

Our agricultural economy is now experiencing what is maybe its **gravest crisis**, which has not yet entered its final phase but constantly deteriorating. In its destructive force it could prove to be more ruinous than all the previous ones because, first, it is shaking a productive potential of unprecedented capacity that will take decades to restore, and second, it is developing against a background of grueling overstretching of the economy and dwindling reserves of the means of production and raw materials. There is every reason to believe that the destructive processes in livestock raising will develop in a similar way as in the period of collectivization, when, just like the present time, productive forces and production relations in the countryside were simultaneously changed, which did not happen in the war years, when the rural structure was not touched. Consequently the rehabilitation of agricultural production could drag on for may years to come.

Analysis shows that if the rapid fall in the output of products caused by the paralysis of large-scale production could be stopped in the next two to three years, which is practically impossible, the peak of collapse would occur in 1997-1998, when the period of the sector's half-disintegration will end. To overcome this throughout the country as a whole will take 10-15 years in hog raising and 25-30 years in livestock raising. This means that the crisis in livestock raising could continue deep into the third millenium.

Such a prospect is unlikely to suit the main bulk of Russians and in no way conforms to the current leadership's promises to drag the country out of the deep hole in the near future. One has only to recall Yeltsin's widely trumpeted statement about the stabilization of the economy at first within six...then within seven...then within nine months. He is now being echoed by V. Chernomyrdin, who, in truth, is guessing when this stabilization is actually going to happen: in 1996 or 1997.... Judging by the oil and gas complex, which is from the president's viewpoint the most important thing and a very convenient way of squandering national wealth, maybe it is so: He has opened the pipeline valves a little wider and the fuel flow to abroad will get stronger, which means that more bananas and more Snickers can be bought. However, in the agricultural economy, in which things have been left to slide, and in sectors supplying the food complex, which determine not only how fat or thin the purse feels but also the health of the nation, things are not at all as our current rulers think they are or as they pretend to think they are.

Under what is at present the spurious slogan of "Land to the Peasants!" such great agrarians as Gaydar, Chubays, Shumeyko, and others of that sort, are trying, through the mass media that they have "occupied," to drill into the dim Russian's consciousness an idea of the need to very rapidly adopt a land code that would enshrine the right to trade in it, which in their opinion will form a free market, help to find the real master, and provide the opportunity to fill Russia and the surrounding areas full of the fruits of fields and private farms. Judging by Chubays' version of privatization, the people have now grasped into whose hands the nation's property will end up and which patrons with dual citizenship will arrive on Russian soil. At the same time (and as a smoke screen) the myth is being propagated of a rescue mission being performed by the hasty transition to private farming and of the possibility of a quick solution to the food problem through the efforts of peasant and private farms, which are not receiving the necessary state support and which generally do not have the appropriate conditions necessary for their development.

Among the serious objective difficulties hindering the establishment and normal functioning of this form of economic management, the following can at the very least be singled out: The country's lack of the necessary preconditions for carrying out in a short space of time a scientific and technical revolution, which is so inevitable because of the transition to new forms of economic management and which is designed to bring the material and technical base into line with the mode of production. The establishment of large-scale production in our country at the time required the appropriate decisions to create a technical base, rural infrastructure, and administration, servicing, and supply systems, and it facilitated the formation of a stable collectivist peasant psychology; a failure to take account of this mentality is virtually the biggest mistake. Adapted to the conditions of high concentration and specialization, the said structures and systems do not meet the requirements of small-scale commodity production units and are in no condition to satisfy the needs of small farms, whose land area is now on average 100 times smaller than that of agricultural enterprises. For example, high-powered tractors, highly productive combines, wide-span soil-cultivation equipment, and sowing and harvesting units do not meet the needs and are not in the interests of peasant farms either fully or partly. The dispersal of this equipment among small farms will to an even greater degree exacerbate the problem of its shortage and lower the utilization coefficient of machinery and equipment, the extent to which production processes are mechanized, and consequently, production efficiency. It will take many years and even decades to organize the output of new equipment.

The disruption of seed growing and pedigree livestock raising and the weakening of agrarian science will become a serious obstacle to the rapid revival of the agricultural economy. The reason for this is a reduction stemming from selective breeding against a poor agricultural background of the genetic potential of plant strains and animal breeds and the irreplaceable loss of valuable genetic types of livestock and poultry created by the efforts of many generations of breeders. The breaking up of farms into smaller units requires a search for new solutions in developing successful crop rotation systems and fundamentally different technologies, machinery systems, and light engineering, which ensures an increase in peasant labor productivity.

Switching agrarian production onto a new track, setting up, developing, and equipping a large number of small enterprises and private farms, and creating a proper infrastructure in the countryside will require huge capital investment, which the state, and especially the peasants, do not have at the moment. Left without serious financial support and reliable legal protection, virtually cast to the whim of fate, the Russian peasantry have become hostages to an adventurist agrarian policy incapable of solving the food problem in the near future.

It is no coincidence that private farms, which currently account for 6 percent of arable, are obtaining only 5 percent of grain and approximately 1.5 percent of livestock raising output, whose growth rate totaled less than 20 percent compared with the previous year. It is not hard to estimate how many years it will take private farms, given such volumes and production rates, to make up the shortfall of products in public farms and fill up the voluminous Russian market with food products.

By dragging the country into a situation of unregulated, small-scale commodity production, the current government is giving a striking example of moving backward from the paths of world progress, which is steadily developing in the direction of concentrating production. The unbalanced agrarian policy it is pursuing, which is destroying collective and state farms and at the same time is failing to provide support for small peasant farms, is leading the country away from highly organized large-scale commodity production and is pushing the people onto the most inefficient and even ruinous path toward self-sufficiency.

As always in hard times, the population's personal subsidiary farms, which now provide 3 million tonnes of meat or almost half of total meat production, are again taking center stage. Having listened to some depressing information on this question at a high-level meeting, a major and highly respected leader involuntarily exclaimed: "What is happening, are we to be fed by country grannies again?!" It appears so. Only it should be borne in mind that peasant homesteads, which are designed not for commodity production but for the partial satisfaction of personal needs, are in no state to supply the country's great needs for food products — their capacity is too low. In the past two years their increase in milk production was one-forth, the increase in egg production was one-eighth, and the increase in meat production was 1/23d of the amount of these products required to make up the losses in agricultural enterprises.

Having put a stranglehold on the peasants and loaded the excessive burden of the production of livestock raising products onto rural homesteads, the government has apparently taken it into its head to shackle peasants a bit more tightly to the cow stall, dooming them to unproductive slave labor. Meanwhile, while the country's president is waging a selfless and uncompromising struggle against the State Duma as to what minimum wage to set for the working man, for which one or two kilograms of salami can be bought, Russians' position is becoming increasingly grave and hopeless. If official statistics are to be believed, in the past two years alone sugar, hulled and rolled products, confectionery products, and fruit have become almost 25 times more expensive, flour, fish, and fish products have become 30 times dearer, meat and fats 50 times dearer, bread and eggs 60 times dearer, and milk and dairy products over 80 times dearer. This year the escalation of food product prices has intensified to an even greater degree. In the capital of our motherland a loaf of rye bread can now be bought for 1,700 rubles [R], ten eggs for just over R3,000, and 1kg of salami for R30,000- 40,000. Now our trusting voter has well and truly learned the true cost of the cunning trick in the struggle for plenty, whereby production falls while, as the mass duping media hasten to reassure us, there is an ample sufficiency on the shelves and although things are expensive everything, even including kiwi fruits, can be bought. If only! In which Africa exactly will you find a country where a teacher or, forgive me, a professor, receives wages of $40-50 a month?! In our country even this is not the extreme. Pensioners, students, and other categories of citizen, for whom the country's president shows such touching concern and whom the Chernomyrdins and Luzhkovs look after day and night, doing all they can to convince the dim Russian that day by day his life will become rosier and rosier and trying to prove the usefulness of their busy terms in office to others, are in an even worse position. Now the powers-that-be are trying to reach agreement that it is becoming more advantageous to pay people on low incomes welfare rather than wages for labor.

You ought not to expect any different from these authorities. After all, in the years when the regime has been going haywire there has been a steady fall in the people's living standard and the features of the mass undernourishment of Russians have been becoming increasingly visible. According to Russian Federation Goskomstat [State Committee for Statistics] data, in the last three years the proportion of bread products in the population's diet has increased by almost 10 percent and that of potatoes by 26 percent, and there has been a sharp decrease in the consumption of meat and dairy products, eggs, fish, butter, vegetables, fruit, and berries. The country's average per capita meat consumption is now approximately 70 percent, and among low-income groups of the population 40 percent, of the scientifically based dietary norm. The deterioration in the structure of food consumption and the reduction in it of biologically valuable components is leading to the weakening of the population's resistance and an increase in the sickness and death rates. This is one of the main reasons for the deterioration in the demographic situation in the country, which began when the new regime came to power.

Compared with 1992, the number of births in 1994 decreased by 190,000 and at the same time the number of deaths increased by 510,000, while the natural decline reached 920,000 people. A natural decline of the population is being registered in 69 regions of the country in which 93 percent of Russians live, and in a number of territories of the North-West, Central, and Central Chernozem regions 2.0-2.6 times more deaths than births have been registered. The death rate of the country's population has increased 28 percent. The number of deaths from infectious and parasitic illnesses has increased 50 percent. In the last two years Russians' life expectancy has decreased by another 3.2 years.

The prognosis for restoring the number of Russians and increasing their life expectancy are extremely unfavorable. Even if the number of births increases to 1.5 children per woman in the next two to three years, which is unlikely, the birth rate coefficient will remain at almost one-third below the level necessary simply to keep the population stable. If the premature death rate continues at its contemporary level, almost half of the current generation of 16-year-olds will not live to the age of 60.

Such is the sad result of the reforms being carried out in Russia, which in only a few years have turned a mighty power into a dependent, half-starved country.

Most Crops Ahead of Average Year

MM0206154095 Moscow SELSKAYA ZHIZN in Russian 1 Jun 95 p 8

[Report by A. Strashnaya, chief agrometeorologist at Russian Hydrometeorology Center: "Agrometeorological Forecast: Waves of Cold and Heat"]

[FBIS Translated Text] The weather is changeable in May, but the contrasts this year were perhaps the greatest they have been in the past 20-30 years.

After what were virtually summer temperatures during the second half of April, the temperature dropped sharply in early May with an influx of Arctic air to European Russia. The wave of cold air from the northern latitudes reached the foothills of the Caucasus. The mean daily air temperature dropped rapidly over a day or two (by 12-14 degrees) and was five to eight degrees below normal. Air and ground frosts were recorded virtually everywhere down as far as Rostov and Volgograd (around minus two to minus five degrees, some places in northern rayons experiencing a ground frost of around minus eight to minus nine). In the southern half of the Central and the eastern Central Chernozem Region, the Central Volga Region, and parts of the Ural Region they damaged early-flowering fruit and berry crops. According to hydrometeorology stations the extent of the damage varied, affecting between 20 and 60 percent of the flower clusters and buds, more in some places. Following a brief warm spell 11-16 May a wave of frosts once again appeared, although this time they were less intense. In the above regions, increased shedding of flowers and young fruit was recorded on fruit crops and in some areas apple trees' damaged flower clusters did not even open, and the trees failed to blossom. In places early cabbage and even the upper blades of emerging spring crops and early-sown sugar beets were damaged.

During the second half of May an extensive anticyclone formed over eastern European Russia. The air began to warm up rapidly in the Ural and Volga Regions and the eastern Central and Central Chernozem Regions. With clear skies the temperature rose during the day to 27-30 degrees. By the end of the month these kinds of air temperatures were now typical of most regions in European Russia, and in some parts of central oblasts and the Lower Volga they reached 31-33 degrees. The mean daily air temperature was six to nine degrees and occasionally during the last five days of the month 10-11 degrees above the norm for this period.

Rain fell most often in western and northern European Russia and also in the North Caucasus, where agricultural crops' moisture supply was adequate throughout virtually the whole of May. The amount of precipitation here exceeded or was close to the monthly norm. Less precipitation than normal fell in the southern Central and the bulk of the Volga-Vyatka and Central Chernozem Regions, but stocks of productive moisture in the soil maintained a quite satisfactory moisture supply for the crops throughout virtually the whole of May. Late in the month, with steady 30-degree temperatures, water reserves in the soil here and in eastern Stavropol Kray began to fall.

An inadequate water supply for grain and other agricultural crops was recorded through most of May in the trans-Volga rayons of the Volga Region and in the southern Ural Region, where the weather was not only hot but also very dry (precipitation totaled 40-60 percent of the norm). In some parts of this area the moisture supply in the topsoil dropped to 5-10 mm and at the one-meter depth to 45-60 mm and failed to ensure good ear formation on winter crops and in some places the normal rooting and tillering of early grain crops. Winter crops at the ear formation stage here were primarily 40-55 cm high, while spring crops were thin and weedy in some areas. At the end of the month, given the lack of effective precipitation, the moisture supply also deteriorated in right-bank areas of the Volga Region. The weather in May was also unstable, with dramatic changes of air temperature, over the bulk of the crop-farming areas of West Siberia and Krasnoyarsk Kray. The first half of the month here was primarily warm while the second was relatively cool, but fluctuations in temperature from the high values of 26-30 degree to the frosts (minus one to minus five degrees), which nonetheless did not cause significant damage anywhere, were typical throughout the month. In the west of the area there was less precipitation than normal, while in the east it was around the norm or 10-15 percent above the norm. Winter crops' moisture supply and conditions for sowing and the emergence of spring shoots were primarily good.

In almost all parts of European Russia and Western Siberia agricultural crops in May were developing 10-20 days ahead of the mean perennial norm owing to the tremendous amount of heat accumulated in April and May (during the hot weather).

Precipitation is going to be distributed extremely unevenly from now on. Over the bulk of western European Russia and the North Caucasus, the amount of precipitation will be 20-30 percent above the norm while in eastern European Russia, the Ural Region, and adjacent oblasts of West Siberia there will be little precipitation — around 70 percent of the norm or less — and in the rest of Western Siberia and Krasnoyarsk Kray it will be close to the norm. More precipitation than normal is expected in the Transbaykal and Maritime Kray (up 15-30 percent). Precipitation in Amur Oblast and Khabarovsk Kray will be largely close to the norm.

Based on the above data and mindful of the prevailing conditions, agricultural crops' moisture supply and the conditions for the formation of their harvest in June can be expected to be quite satisfactory in most regions and primarily good in the North Caucasus. Agrometeorological conditions for harvest formation will be worse than the perennial mean owing to the anticipated shortage of moisture in the soil over the bulk of the Volga and southern Ural Regions. They are also expected to somewhat deteriorate (the moisture supply is expected to diminish) in the eastern Central Chernozem, southeastern Central, and western West Siberian Regions.

State Allocates Grain for Livestock Feed

MM0606100795 Moscow ROSSIYSKIYE VESTI in Russian 6 Jun 95 p 1

[Unattributed report: "Feed Allocated From Federal Reserve"]

[FBIS Translated Text] Feed stocks for the country's stockraising and poultry farms were insufficient until the new harvest. A directive from Oleg Soskovets has approved the distribution of concentrated feed from state resources. In particular, the Ministry of Agriculture and Food has been assigned 350,000 tonnes of concentrated feed for pedigree stockbreeding and bartering for corn and sorghum seeds while the Russian Ministry of the Economy has been allocated 130,000 tonnes for the auxiliary farms of ministries and departments in nongrain regions and for special consumers and 55,000 tonnes of concentrated feed has been allocated to the Russian Academy of Agricultural Sciences. To produce this feed, 380,000 tonnes of grain have been released from federal stocks.

Need for Large Investment in Fuel-Energy Complex

LD0506193995 Moscow INTERFAX in English 1818 GMT 5 Jun 95

[FBIS Transcribed Text] Moscow, June 5 (INTERFAX) — Russia needs large investments, about $10-12 billion, in the fuel-energy complex in order to revitalize and speed up its development and modernize the largest pipelines for transporting oil and gas over long distances, Secretary of the Russian Security Council Oleg Lobov told a press conference in Moscow today. The press conference was dedicated to the opening on Tuesday of the international conference Russia-Europe: Strategy of Energy Security in Moscow.

Lobov said the two-day conference would include over 40 representatives of foreign energy services, the presidents and heads of the largest national and international energy and machine-building companies, international and financial organizations of Europe, America and Japan.

Lobov told an INTERFAX correspondent that not only domestic consumers of oil, gas, coal and electric power but also Europeans were interested in refurbishing the Russian fuel-energy complex. He said that "the stability and efficiency of the Russian fuel-energy complex which has one of the largest raw material basis in the world to a large degree determines the energy security of the entire European continent."

Commenting on the fall in energy production in Russia, Lobov said that in 1994 oil extraction had decreased by 36.6 million tonnes (against 1993), gas extraction by 11 billion cubic meters, coal extraction by 33.5 million tonnes. Production of electric power went down by 80 billion kwh.

Lobov said Russia's northern regions found themselves in the hardest energy situation. "That is why the Russian fuel-energy complex must be integrated into the European system," he went on to say.

Lobov said that one possible outcome of the conference could be the creation of a special on-going working body to deal with financing the European energy-supply system with the participation of Russia.

Russian First Deputy Prime Minister Oleg Soskovets is expected to speak at the opening of the conference.

Security Council-Sponsored Energy Conference Opens

MK0606074095 Moscow SEGODNYA in Russian 6 Jun 95 p 1

[SEGODNYA report: "Meeting of Leading Oil Companies in Moscow"]

[FBIS Translated Text] An international consultative meeting "Russia — Europe: Strategy of Energy-Related Security" opens today in Moscow. As Russian Security Council Secretary Oleg Lobov said, it has been organized by the World Energy Council and the Moscow

International Energy Club "under the aegis of the Russian Federation Security Council." According to Lobov, in addition to him, First Vice Premier Oleg Soskovets, Fuel and Energy Minister Yuriy Shafranik, "Gazprom" Joint-Stock Company head Rem Vyakhirev, and others will take part in this meeting. Lobov said that issues to be discussed include the development of gas-bearing deposits of Yamal and Russia's northern shelf. Problems of a political character will probably also be discussed. Specifically, this concerns the development of the Caspian shelf, where according to Lobov, "Russia's participation has not been clearly defined yet." The list of invited participants includes the companies Total, British Gas, Elf Aquitaine, Ruhrgaz, Wintershall AG, Shell, Norsk Hydro, Statoil, and others. Representatives of Chevron and British Petroleum are not expected to participate. Leaders of the World Energy Council said yesterday that the possibility of downsizing oil and gas supplies from Russia to West Europe evokes their concern.

International Affairs

Udovenko on Need To Solve Yugoslav Crisis

LD0506190295 Moscow INTERFAX in English 1753 GMT 5 Jun 95

[FBIS Transcribed Text] KIEV, June 5 (INTERFAX-UKRAINE) — Ukraine expects the U.N. to make "extraordinary steps" to solve the Yugoslavia crisis, Ukrainian Foreign Minister Hennadiy Udovenko said Monday [5 June].

The Ukrainian Foreign Ministry's press center told INTERFAX-UKRAINE that Udovenko pointed out the need to free the hostages captured by Bosnian Serbs during his telephone conversation with the envoy of the U.N. secretary general to former Yugoslavia, Yasushi Akashi.

Udovenko said the Ukrainian ambassador to the U.N. will speak at the next Security Council session to demand "concrete efforts to protect the peacekeepers according to the norms of international law."

For his part, Akashi assured Udovenko that the issue was being constantly monitored by the U.N. secretary general and the command of the U.N. protection Force in former Yugoslavia.

Russian Threat Stressed, Ties With NATO Urged

AU0306161095 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 30 May 95 p 3

[Article by Serhiy Pyrozhkov, corresponding member of the Ukrainian National Academy of Sciences and director of the National Institute for Strategic Studies; and Volodymyr Chumak, candidate of technological sciences and head of department at the same institute: "NATO to Ukraine: You Really Are Attractive! Ukraine Must Become an Active Participant in the General European Security"]

[FBIS Translated Text] **A conspicuous feature** of the present geopolitical situation in Europe is the enhanced attention focused on Ukraine as a state upon which stability or instability in the central and eastern regions of the continent increasingly depend (and will depend).

Unlike in the first two years of Ukrainian independence, members of the North Atlantic Alliance now unanimously agree that Ukraine's long-term survival corresponds to their interests. Z. Brzezinski, a prominent political scientist, who closely follows developments in the post-Soviet area, recently listed Ukraine among active participants in the process of creation of the European general security system.

Convincing evidence of Ukraine's growing importance in European matters was last year's approval by the European Commission of such documents as "The Global Initiative Regarding Ukraine" and "Alternatives for Intensifying Cooperation With and Assistance for Ukraine on the Part of the EU," and also NATO's recent decision on the particular importance of the organization's relations with Ukraine, as well as the visit to our country by Field-Marshal R. Vincent, head of the NATO Military Committee, and immediately after that the visit to the alliance's headquarters by two representative Ukrainian delegations.

The growing attention to Ukraine in the region is perfectly natural. The main factors are well known and remain invariable. Among them, the geographical situation (the center of Europe), the size of the population (almost 53 million), and nonalignment (so far, Ukraine has not been involved in any military-political formations).

It appears that the political elite in the West is gradually ridding itself of its excessive illusions regarding expected democratic transformations and reforms in the Russian Federation. Along with these illusions, there also vanish hopes regarding the Russian Federation's ability to become a guarantor of stability on the territory of the former USSR. The Western media and analytical studies disseminate critical assessments of the "Russian way," characterized by the armed conflict with its own parliament, the dubious "peacekeeping" activity in Nagorno Karabakh, Georgia, Moldova, and Tajikistan, the artificial exacerbation of the situation in the Crimea and in the Baltic Region, the growing popularity and influence of such national chauvinists as V. Zhirinovskiy upon the processes of adoption of political decisions, the emergence in the political arena of "tough" generals such as General A. Lebed, and cases of opposition to peacekeeping efforts in former Yugoslavia. Among the most shocking facts is the incident at the December summit in Budapest of the Organization on Security and Cooperation in Europe [OSCE] where the Russian president spoke out loud for the first time the possibility of Europe's returning to the "cold peace," and the events in Chechnya, where the Russian Federation confirmed that it can only be guided by such arguments as force.

Such metamorphoses in the policy of the powerful nuclear state have led to an appreciable revision by the West of Ukraine's place in the European security system.

First, in view of the size and military potentials of Ukraine and the Russian Federation, the maintaining and development of peaceful and mutually advantageous relations between them is regarded as one of the main conditions of stability on the European continent.

Second, it is believed that changes for the better in Ukraine will have a positive effect upon its northern neighbor.

Third, the absence of social upheavals and the steps toward reform taken by the new Ukrainian leadership against the background of growing instability and unpredictability in the Russian Federation lead representatives of business and banking circles of leading Western states (Germany, in particular) to revise their policy with regard to granting preferential status, privileges, and benefits. This is a powerful catalyst for their positive political steps regarding Ukraine.

An analysis of the state of the Russian Federation's external political relations (especially of the objectives of its leadership's recent political actions) suggests two important conclusions.

First. Despite all its efforts, the Russian Federation is no longer perceived by the West as "USSR number 2." The failed military action in Chechnya resulted in suspending the consideration of the Russian Federation's application for admission to the Council of Europe and further enhanced skepticism about its military might, but, at the same time, bolstered concern about nuclear safety and about a possibility that total chaos may prevail.

Second. Striving to establish itself and realizing the impossibility of achieving the sought level of recognition in the "far abroad," the Russian Federation has intensified its harsh struggle for leadership in the "near abroad." Attempts are made to distort the image of other post-Soviet states in the mass media. This primarily applies to Ukraine. It is worth recalling recent examples: Attempts to halt the process of Ukraine's joining GATT/WTO, which was extremely important for Ukraine, and the proposal that Ukraine be recognized as a debtor state.

The Russian leaders have proceeded to active "land gathering" in response to the increasingly strong disintegration trends in the Russian Federation. This concerns, first and foremost, three Slavic republics of the former USSR that Moscow wishes to assemble around it and use as a foundation for the future might of a renewed superpower. The main task of Russian politicians today is to talk Ukraine into this venture.

In addition to well-tested means for its implementation — interference in events in the Crimea, the foot-dragging tactic in dividing the Black Sea Fleet, and the use of the oil-and-gas dependence — there also exist other ways. Such as persistent attempts to draw Ukraine into military-political formations, build a joint "external" border, make "internal" borders "porous," change the customs regulations to the Russian Federation's advantage, renew economic cooperation, including in the sphere of manufacturing weapons, and so on.

A broad-scale and ostentatious campaign is currently being launched in Russia to unite so-called patriotic forces of any denomination around the "great Russian" ideal. Especially those that belong to power structures and the military-industrial complex. For example, on 21 February 1995, there emerged a new movement in the Russian Federation — "The Russian Military Brotherhood." Among more than two dozens of its founders, there are the Russian Union of Reservist Officers, the Club of Generals and Admirals, the Association of Foreign Intelligence Veterans, the Club of State Security Veterans, the "Cossack Brotherhood" Society, the Moscow Patriarchate, and so on. It is noteworthy that this new movement will get material support from the Russian Union of Industrialists and Entrepreneurs. Among its tasks is putting pressure on the government and parliament of the Russian Federation and the participation in elections. It is not difficult to foreseer the type of nominees from such a bloc and the goals they will pursue.

All of this requires Ukraine's rather well-balanced position. Ukraine, which is at the cross-roads of interests of major political forces, must not just take them into account in its own policy, but even more importantly, make use of them by overtaking events. Only then can we evade the unacceptable role of a pawn in the geopolitical game within the system "East-West" or "North-South" and gradually establish itself on the European continent as an influential factor of international relations. This is what must become the main task of our state's external political strategy.

The situation in Europe is not stable. That is why Ukraine must not just advocate the creation of a reliable European security system, but also take an active part in the development of its corresponding mechanisms. As follows from numerous speeches by representatives of Western European states, Ukraine's official position on this issue coincides with their own positions.

Among the existing structures, NATO must undoubtedly be highlighted. It is the most powerful military-political organization in which Europeans envision an unquestionable foundation for a future security system.

In view of the urgent need to create Ukraine's political image as a state whose strategic priorities include the return to European values, it is necessary to clearly specify our relations with this organization.

NATO Secretary General W. Claes, in his speech at the opening of a NATO seminar on issues of public opinion in January 1995, outlined three principal problems that

NATO is resolving today — peacekeeping activity in Bosnia, mutual relations with the Russian Federation, and expansion to the East.

By contrast to the opinion that prevailed both in NATO and in the United States in 1991-93 about the absence of an alternative to the further existence of the Russian Federation as a sovereign state in its present composition, the possibility of its disintegration is no longer ruled out. Both alternatives are assessed as dangerous. No final conclusion has been made as to which of them is most likely.

The present Western policy regarding the Russian Federation may be characterized as a policy of "reasonable pressure." This policy is still considered by NATO as one of the important components in the European "security landscape." In the relations between NATO and Russia, the striving to establish closer contacts prevails. At the same time, NATO rules out a possibility of building relations with Russia on the basis of the principle of "spheres of influence." The Russian Federation's attempts to influence any of NATO's decisions are decisively rejected (as was, for example, at the OSCE's last year's summit in Budapest).

One of NATO's most important strategic tasks is finding ways to ban the proliferation of weapons of mass destruction. That is why the fact that Ukraine has voluntarily given up its nuclear weapons is our serious argument in the search of privileges and benefits in relations with NATO.

Quite attractive for Ukraine seems to be a new trend in NATO's policy to give more attention to those regions that are not traditional for this organization — the Mediterranean Sea, the South, and the East. As is known, Ukraine is washed in the south by the Black Sea. The latter is connected, through straits, with the Mediterranean Sea, and this brings it closer to the zone of potential danger. In view of this circumstance and Ukraine's natural importance, our country could become NATO's important political partner in that direction.

Ukraine associates the strategic prospect of its national security with joining the general European security system and, for that reason, it will have to actively develop relations with NATO as that system's most efficient component. It is already clear that the Organization of North Atlantic Cooperation will remain the main structure in the emerging security system. As an integral constituent part of Europe, Ukraine must gradually move in the direction of developing a dialogue with NATO. The participation in the "Partnership for Peace" program and membership of NATO's political structures might become stages on this road. Therefore, the process of NATO expansion to the East does not torpedo Ukraine's strategic plans.

In the past, not only did Ukraine declare its adherence to the ideals of Atlanticism, but also showed its readiness to cooperate when, first among the CIS countries, it spoke of its willingness to take part in the NATO-initiated "Partnership for Peace" program. Such a step by our state was immediately noted and very positively perceived throughout Europe. At present, now that NATO's interest in Ukraine is growing, it is necessary to steadily increase our efforts within the "Partnership for Peace" program and also intensify cooperation with such Atlantic structures as the North Atlantic Cooperation Council, the NATO Scientific Committee, the newly created Committee for Standardization, and so on.

It must also be pointed out that the process of cooperation between Ukraine and NATO will not be simple in view of the very inflexible position occupied by the Russian Federation. Even now, A. Kozyrev, Defense Minister of the Russian Federation, during his foreign visits, tries, in very strong terms, to convince leaders of Western European states that NATO's expansion to the East is undesirable. At the same time, pressure in one form or another is exerted upon the countries of the former socialist camp and CIS countries to force them to give up their intentions to join NATO or other European structures. With regard to Ukraine, this pressure takes the form of delaying the division of the Black Sea Fleet, adding fuel to separatist moods in the Crimea, resorting to blackmail in supplying energy sources, and so on.

There is no reason to expect that some appreciable changes in imperial moods will take place in Moscow or that they will be given up. A threat that chauvinist leaders will come to power there, leaders who only envision Ukraine within the Russian Federation is also looming. That is why the decision to establish closer ties with NATO may be considered as prudent for maintaining Ukrainian independence. It is a different matter that, in the economic and military aspects, Ukraine is not yet ready for a large-scale cooperation with this organization and cannot take upon itself the entire burden of corresponding obligations.

Note: The full text of this material will be published in the next issue of POLITYKA I CHAS [Politics and Time] journal.

'Text' of Declaration on Cooperation With Latvia

WS0506111795 Kiev URYADOVYY KURYER in Ukrainian 27 May 95 p 3

["Text" of "Declaration on the Development of Cooperation Between Ukraine and the Latvian Republic"]

[FBIS Translated Text] **Ukraine and the Latvian Republic (hereafter referred to as "the sides"),**

confirming their devotion to universally recognized goals and principles consolidated by the basic documents of the United Nations and the Organization on Security and Cooperation in Europe [OSCE],

intensifying the development of bilateral relations and taking into account traditional ties that have developed between the Ukrainian and Latvian peoples,

and making their own contribution to the common European security, stability, and mutual confidence,

declare their readiness to actively develop mutually beneficial bilateral relations. The sides highly assess the results of the Ukrainian president's visit to Latvia.

The sides believe that the Treaty on Friendship and Cooperation Between Ukraine and the Latvian Republic signed during the visit, as well as other documents, are opening new possibilities for broader and more active development of international relations. The sides confirm their readiness to accelerate the drafting of international treaties.

The sides support reforms taking place in both countries in accordance with the principles of democracy, law, and respect for human rights.

The sides, in accordance with the UN Statute and OSCE basic documents, recognize the sovereign right of any state to take required constitutional measures to protect its political and economic independence and territorial integrity.

The sides confirm mutual support for other side's wish to strengthen its security and contribute to the development of its economy, by joining relevant European and transatlantic organizations.

The sides believe that the expansion of the transatlantic alliance should not result in a new political division of Europe and establishment of new spheres of influence.

The sides, as UN and OSCE members, will contribute to a gradual settlement of issues of strengthening security, reducing weapons, and disarmament.

The sides support integration of all European countries in settling issues concerning policy of common European security.

The sides emphasize that friendship and cooperation of the two countries are, and will not be aimed against other states, and that they will not submit to a dictate from other states.

The sides will contribute to the development of the two countries' cooperation in the political, economic, cultural, as well as military areas.

The sides will contribute to cooperation among both countries' state institutions.

The sides will develop mutually beneficial economic, scientific- technical, and trade cooperation, and will create favorable conditions for joint business and economic activities, as well as for establishing ties among businessmen and companies producing goods.

The sides will exert all required efforts to implement agreements reached between them in various areas of cooperation.

The sides affirm mutual understanding in assessing past and current international political processes.

The sides, attaching great importance to the protection of environment, will exchange experience, and will cooperate in the area of health care and ecology.

The sides will pay appropriate attention to the Latvian and Ukrainian minorities in their countries, and will take care of the development of their possibilities of receiving education according to their peoples' historical, cultural, religious, and lingual traditions.

The sides will, in particular, attentively treat social problems concerning ethnic minorities living in both countries.

[Signed] On behalf of Ukraine: [President] Leonid Kuchma
On behalf of the Latvian Republic: [President] Guntis Ulmanis

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Russian Intelligence Officer Arrested in Simferopol

LD0506191895 Moscow NTV in Russian 1800 GMT 5 Jun 95

[FBIS Translated Text] A Russian intelligence officer has been arrested in Ukraine, the IMA-press agency reported today. According to this report, a Russian citizen was caught in Simferopol with documents hidden in his luggage, giving the technical specifications of an amphibious warfare ship. The material has been handed over to the Ukrainian Security Service.

National Affairs

Kuchma Intends To Hold Confidence Referendum

*LD0506172195 Moscow INTERFAX in English
1630 GMT 5 Jun 95*

[FBIS Transcribed Text] KIEV, June 5 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma issued a decree on June 5, confirming the validity of his May 31 decree on holding a national poll on confidence in the president and parliament.

On May 31 Kuchma issued a decree ordering the holding of the poll on June 28. Parliament vetoed the decree on June 1 saying it did not conform with the laws and the Constitution of Ukraine.

The parliament resolution's reference to certain articles of laws is "erroneous and can not serve as a reason for imposing a veto," the preamble of the June 5 decree says.

The decree also states that neither the Constitution nor any other Ukrainian law gives parliament the right to assess president's decrees or declare them null and void. Only the Constitutional Court has such a right.

Socialist Statement Condemns Kuchma Referendum

*LD0506133995 Kiev UNIAN in Ukrainian
0820 GMT 5 Jun 95*

[FBIS Translated Text] Kiev — The Ukrainian president's decree [on holding a nationwide vote of confidence in the president and parliament] can be described as a reckless, confrontational action which could aggravate the sociopolitical situation in the state and lead to unpredictable grave consequences, said the Political Council of the Socialist Party of Ukraine in a statement adopted at a meeting of its Political Executive Committee yesterday.

The document says that the authorities should be winning people's respect not by holding polls but by doing specific work to raise the population's living standards through stabilizing the economy and developing the production sphere, through granting state social guarantees at a level which provides for at least minimum subsistence.

The Political Council declares "the illegality of holding the referendum and believes that the authorities' drive to involve the population in the anticonstitutional campaign is inadmissible."

The Socialist Party of Ukraine demands that the government and the Constitutional Court should be formed and an election law, which would take into account political realities and step up the process of drafting and adopting Ukraine's new constitution, should be passed without delay.

Liberal Democrats Reject Kuchma Call for Plebiscite

*LD0506142095 Kiev UNIAR in Ukrainian
0720 GMT 5 Jun 95*

[FBIS Translated Text] [No dateline as received] The Liberal Democratic Party of Ukraine [LDPU] has issued a statement in connection with the Ukrainian president's appeal to the nation. The LDPU regards the president's call for a plebiscite as an attempt to extend his powers and strengthen executive authority to implement reforms.

The LDPU hopes that the president will move from pro-market declarations to concrete actions, unite the reformist forces of society, and pursue his declared policy of a social contract, the party's statement says.

Commentary on Kuchma-Proposed Referendum

*WS0506143295 Kiev KYYIVSKA PRAVDA
in Ukrainian 2 Jun 95 p 1*

[Report by Yuliya Nepomnyashcha: "The President Stakes All"]

[FBIS Translated Text] Having deemed relations between the executive and legislative branches as a war of nerves, and having accused the parliamentary leadership and some deputies of delaying the adoption of the Law on Power, [President] Leonid Kuchma called on the people to be the judges. On Wednesday evening [31 May], he announced during a live broadcast that a nationwide poll on the population's confidence in the president and the Supreme Council will be held on 28 June. To put it another way, we are offered the following choice: Either this president, or the current parliament.

It is characteristic that earlier that day the state leader's address was anticipated neither at a news conference held by the opposition, represented by Socialist faction leader Ivan Chyzh, nor by deputies supporting the president. The only issue they addressed concerned the consequences of a constitutional compromise, which had eventually been signed by those we had voted for the Law on Power.

So, the president delivered quite a powerful blow. Yesterday morning, [Supreme Council Chairman] Oleksandr Moroz, having stated that a new sociopolitical situation had developed, suspended a parliamentary session and suggested conducting consultations within the factions.

The situation is actually worth considering.

Even if the poll has no legal consequences but is won by the president, the political biography of the current Supreme Council will end, and almost unlimited power will end up in Kuchma's hands. On the one hand, this is apparently expedient, since we are still facing the same crisis, limited deliveries of energy sources, companies' bankruptcies, and unemployment. A strong hand and unpopular methods are needed. On the other hand, however, there is a great risk as well. Political forces and anxious masses may push for new presidential elections. Who will receive maximum power then? How will he use it?

According to yet another scenario, the plebiscite is a weapon that may turn against Kuchma. I do not think the parliament will surrender without any resistance. The number of the president's supporters in the Supreme Council may decrease dramatically, given the threat of losing parliamentary seats.

Here are comments from the following people:

Oleksandr Stoyan, chairman of Ukrainian Trade Unions Federation:

"Order must be restored in our state. And I support the adoption of the Law on Power. A vertical line of power is needed. In such hard times, however, I would not like us to become entangled in political debates. It is unwise to lead the country to a plebiscite, all the more so since a compromise is still possible — the Law on Power must simply be put in force."

Ivan Plyushch, member of the "Center" faction [and former Supreme Council chairman]:

"It is unclear what a constitutional compromise means, what it resolves, and who needs it. It is perfectly understandable, however, what the president did. He is the head of state and executive branch, and he always has the right to appeal to the people and learn about their opinion. There is talk that the plebiscite may result in the parliament's dismissal. I would ask a different question. Since we are not progressing, does the parliament make sense? On what has the entire year been wasted? Is the parliament efficient?"

Volodymyr Yavorivskyy, "Statehood" faction:

"The plebiscite will perhaps not take place. I think that this was simply a warning shot fired above some hotheads in hopes of calming them down and proceeding along the path toward a constitutional compromise, which should be reached in the Supreme Council. And this compromise must be signed by Oleksandr Moroz, should the majority vote for it. This is a way out of the crisis. The president will then have nothing to do but cancel the referendum, which, as a matter of fact, nobody currently needs."

CDPU Calls For No Confidence in Leaders

LD0506144095 Kiev UNIAN in Ukrainian
1220 GMT 5 Jun 95

[FBIS Translated Text] Kiev — Since the public opinion poll scheduled for 28 June will have no legal consequences, Ukrainian citizens should use it to declare no confidence in both the Supreme Council and the president, who have proved themselves incapable of constructive and balanced actions, says a statement by the Constitutional Democratic Party of Ukraine [CDPU] circulated on 5 June. "The CDPU believes that neither the parliament nor the president have made any steps toward the development of an effective power structure in Ukraine, the actual activities of Leonid Kuchma and his government are "far removed from reforms."

The statement points out that the way the poll is organized makes it impossible for the president to lose. The party believes that the president should himself be polled on the question: "Do you remember your election promises, Leonid Danylovych?"

Kuchma Decree Assails Supreme Council Resolution

LD0506155795 Kiev UNIAN in Ukrainian
1455 GMT 5 Jun 95

[FBIS Translated Text] Kiev — Ukrainian President Leonid Kuchma issued a decree on 5 June "In confirmation of the validity of the Ukrainian president's decree No. 413 of 31 May 1995 On a Public Opinion Poll of Ukrainian Citizens on Confidence in the President of Ukraine and the Supreme Council of Ukraine."

The decree says that the Supreme Council resolution of 1 June, which imposed a veto on the above decree, "has no legal basis, as no constitutional article or Ukrainian law was violated by the presidential decree, and therefore any reference in this respect to specific articles of relevant legal acts is erroneous and cannot serve as a ground for a veto."

The decree points out that the parliament has no powers "to ban any action by state executive or local government bodies." In accordance with Article 117 of the Ukrainian constitution, the Cabinet of Ministers is accountable to the Supreme Council but subordinate to the president of Ukraine, and therefore clause 2 of the resolution constitutes parliament's direct interference in the business of state executive bodies. (Clause 2 forbids the government to use state budget funds on the organization of referenda and plebiscites in 1995).

Text of Kuchma Decree Reaffirming Plans for Plebiscite

WS0606085495 Kiev INTELNEWS in English
0026 GMT 6 Jun 95

["Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, June 5 — The following is the transcript of a decree by President Leonid Kuchma ordering the holding of a nationwide vote of confidence in the president and Parliament despite Parliament's veto of last week's parliamentary veto of the presidential decree ordering the vote.

Decree of The President of Ukraine

On Confirmation of the May 31, 1995 Decree No. 413 On Conducting the Vote of Confidence in the Ukrainian President and the Parliament.

The June 1, 1995, Parliament resolution On Disparities between the May 31, 1995, Presidential Decree "On Conducting the Vote of Confidence in the President and the Parliament" and the Constitution and laws of Ukraine, imposed a veto on the May 31 presidential decree.

The resolution is not based on the law, because none of the articles in the Constitution and laws of Ukraine covered by the decree, are violated by the presidential decree. Thus, any of the resolution's references to individual articles of corresponding laws are erroneous and cannot be a ground for imposing the veto.

Article 47 of the law on Nationwide and Local Referendums envisages the possibility of votes of confidence.

Hence, the decision on the vote of confidence does not contradict article 4 and 170, and the first clause of article 114-6, of the Constitution as the Parliament resolution interprets, but is in compliance with these articles of the Constitution.

Article 5 of the Constitution, which determines the most important issues of state to be submitted to nationwide discussion and to the nationwide voting (referendum), do not deal with public opinion polls. Thus, any references of the resolution that the decree does not agree to the article, are groundless.

Proceeding from this, any references of the Parliament resolution that the presidential decree contradicts article 114-6 of the Constitution are to be considered invalid.

In view of the above-mentioned facts and in compliance with article 114-5 of the Constitution under which the president acts as the guarantor of the Constitution and laws of Ukraine,

I enact

1. To confirm the May 31 Decree On Conducting the Vote of Confidence in the president and the parliament

2. This decree is to come into force from the day of its signing

[Signed] President of Ukraine L. Kuchma, Kiev
[Dated] June 5, 1995 No. 420/95

Rukh Leader, Former President on Confidence Poll

WS0606095395 Kiev VYBIR in English
0730 GMT 6 Jun 95

[Interview with People's Deputy Oleksandr Lavrynovych, deputy chairman of Rukh, and People's Deputy Leonid Kravchuk, former President of Ukraine, by VYBIR correspondent identified as "UPresA"; place and date not given — from the "Ukrainian News" feature No. 22]

[FBIS Transcribed Text] [UPresA] What is your attitude to the plebiscite decree?

[Lavrynovych] In strictly legal terms, the president has violated the procedures of appointing a plebiscite. His decree runs counter to the Constitution and other laws currently in effect. The parliament's veto is evidence of its respect for the president, because the veto is imposed on an unlawful decree, which simply cannot be effected.

[UPresA] How many other enemies has the president acquired in the parliament after publishing his decree?

[Lavrynovych] The general mood in the parliament is not in favor of such steps. However, from what I know, most MPs present during sessions hold positive views on the attempts being made to implement economic reforms started by the president. We must simply try to find a constructive solution to this problem. It might well be the signing of a Constitutional Agreement between the Verkhovna Rada [Supreme Council] and the president. This agreement could remain effective until the adoption of a new constitution, and it would make it possible to introduce changes in the current constitution by a simple majority of votes.

[UPresA] But signing such an agreement would in itself be an infringement on the Constitution, would it not?

[Lavrynovych] Why, it would be a perfectly legitimate step to take. In this case nothing would be done counter to the general context of the legal process in Ukraine. People who would sign it in the Verkhovna Rada's behalf would be those very people who make laws for this state.

[UPresA] Do you personally feel that this presidential decree is aimed against you as an MP?

[Lavrynovych] No, I do not. The situation in which the decree was signed did not reflect the actual relationships between the president and the parliament. The president made his move without taking into consideration the views of the parliament's majority. You just do not do things like that.

[UPresA] How do you see the chances of signing a Constitutional Agreement between the President and the MPs?

[Kravchuk] Now this situation calls for careful examination. If such an agreement is signed by deputies and by the president, it will be legally invalid. It will be a statement signed by a group of natural persons elected people's deputies and addressed to the president. And a group of natural persons has no right to sign agreements or treaties with the head of state.

[UPresA] Mr. Kravchuk, several weeks ago you also proposed a referendum. How does your idea differ from that of Mr. Kuchma?

[Kravchuk] A referendum is held in keeping with the Law on Referendums, in which Article 13 reads that the Verkhovna Rada may include in the questionnaires, without public consent, only matters pertaining to the Constitution, constitutional provisions, and other laws. If the Verkhovna Rada wants to include there the question of terminating its mandate, or that of the president, ahead of schedule, such questionnaires must be filled in by 3 million citizens. What President Kuchma proposes as a referendum, to find out whether or not the nation trusts the president or the Verkhovna Rada, is legally impossible.

[UPresA] But President Kuchma says it will be a plebiscite?

[Kravchuk] Strictly speaking, President Kuchma should not make this matter the subject of a plebiscite. The nation's trust in the president or the Verkhovna Rada should not be questioned, because both were elected by that same nation. In other words, it is the nation that can take away the power it gave. In this particular case questioning this power is initiated by the president.

[UPresA] Mr. Kravchuk, what is done is done. What course do you think events will take? Your personal outlook?

[Kravchuk] The MPs have made a very reasonable decision. To begin with, it is absolutely legitimate. It is in full conformity with the tenets of the Constitution and all the other laws. Their veto was imposed in strict accordance to the law, and the president was in this manner spared the opportunity to take any unconstitutional unlawful steps. The Verkhovna Rada did not simply veto the decree; it offered a way to cooperate, because a separate clause there says that if the president comes up with a proposal concerning a constitutional agreement, this proposal will be duly considered. Well, maybe the president will use this possibility.

Moroz Elected Chairman of Eurasian Socialist Congress

LD0506113395 Kiev UNIAN in Ukrainian 0950 GMT 5 Jun 95

[FBIS Translated Text] Kiev [no date as received]—Ukrainian Supreme Council Chairman Oleksandr Moroz has been elected chairman of the Eurasian Socialist Congress (ESC) at that organizations' constituent assembly, which was attended by representatives of parties of socialist orientation from the countries of Europe and Asia. The assembly, attended by representatives of more than 10 parties, was held in Pushcha-Ozernaya, near Kiev, on 3-4 June. UNIAN has been informed of this by People's Deputy Serhiy Kyyashko, a leader of the Eurasian Socialist Congress.

The assembly approved an agreement on setting up the Eurasian Socialist Congress. The document says that the organization has been set up "with the aim of promoting progressive and steady development of countries, supporting integration processes of humanitarian cooperation, and developing ideas of contemporary socialist alternative."

The assembly adopted an appeal to the Socialist International, which indicates that the newly set up congress is not set to oppose that organization. Kyyashko said the ESC intends to promote interaction between the member states of the CIS and the former Council for Mutual Economic Assistance, which face common economic and social problems.

The Socialist Party of Ukraine, the Social Democratic Party of Georgia, the Democratic Party of Armenia, the Socialist Party of Kazakhstan, the Socialist Workers' Party of Russia, the Socialist Party of Moldova, and the People's Party of Tajikistan have become members of the congress. The Socialist Party of Romania signed the main documents of the newly set up organization.

Government, Crimea Ready To Begin Dialogue

LD0506154995 Moscow ITAR-TASS in English 1446 GMT 5 Jun 95

[By Lev Ryabchikov]

[FBIS Transcribed Text] SIMFEROPOL, June 5 (ITAR-TASS) — Chairman of the Crimean parliament Sergey Tsekov told ITAR-TASS that Ukraine had positively reacted to a decision taken by the Crimean parliament to cancel a referendum in support of the Crimean constitution of May 6 and draw a draft bill on the division of powers between Ukraine and the Crimea. "Our move was accepted as the readiness to begin a dialogue," Tsekov said.

Vladimir Klychnikov, deputy chairman of the Crimean parliament, confirmed that both Ukraine's parliamentary leaders and leaders of many factions had reacted positively to the decision made by their Crimean counterparts. A draft bill of a new Crimean constitution was submitted to deputy chairman of the Ukrainian parliament Aleksandr Tkachenko who subsequently forwarded it to the state department for legal issues for approval. According to Klychnikov, Ukraine's parliamentary leaders are prepared to work fast and in a constructive manner to restore the Crimea's constitution. A constitutional commission of the Crimean parliament is expected to meet in session on Tuesday, as Klychnikov had suggested, to make amendments to the text of the Crimean constitution, taking into account recommendations made by the Ukrainian parliament. The amended text of the Crimean constitution will be discussed at a regular session of the Crimean parliament on Wednesday.

Crimea Speaker Assails Kuchma Confidence Poll

LD0506190395 Moscow INTERFAX in English 1753 GMT 5 Jun 95

[FBIS Transcribed Text] SIMFEROPOL, June 5 (INTERFAX-UKRAINE) — The national poll announced by Ukrainian President Leonid Kuchma may "plunge Ukraine into a serious confrontation," according to the Crimean parliament Speaker Sergey Tsekov.

Kuchma announced he would conduct a national poll on confidence in himself and parliament.

"It would be right for president, since it concerns the law on power, to hold a referendum on the law," Tsekov said in an interview with INTERFAX-UKRAINE.

He believes that "in the present situation it is not clear what the president's team wants: to stabilize or to destabilize the situation."

Decree on Referendum Central Commission

954F2420A Simferopol KRYMSKIYE IZVESTIYA in Russian 27 May 95 p 1

["Decree of the Crimean Supreme Council: On the Central Commission for the All-Crimean Referendum"]

[FBIS Translated Text] In connection with the conduct 25 June 1995 of the All-Crimean Referendum simultaneously with the election of deputies and representatives of local councils in the republic, being guided by Articles 23 and 24 of the Crimean Republic Law on Referendum, the Crimean Supreme Council decrees:

1. To form the Central Commission for the All-Crimean Referendum, consisting of the following:

Viktor Vladimirovich ALSUFYEV—commission chairman;
Yuriy Ivanovich SAKHAROV—deputy commission chairman;
Mikhail Stepanovich ALYABYSHEV—commission secretary.

Commission members:

Valentina Ignatyevna BENNER,
Sergey Viktorovich VOROBYEV,
Aleksey Alekseyevich VOROBYEV,
Zinaida Alekseyevna GRADIROVSKAYA,
Marina Romanovna ZHURAVLEVA,
Svetlana Fedorovna ZHILENKO,
Ridvan Dilyaverovich KASAYEV,
Vilen Klimentyevich KUREDY,
Yelena Fedorovna KUCHERINA,
Mikhail Yuryevich KUNIN,
Vladimir Aleksandrovich LYSENKO,
Anatoliy Sergeyevich MOISEYENKO,
Gennadiy Stepanovich NIKIFOROV,
Vasiliy Vasilyevich PITELYAKA,
Valentin Fedorovich ULYANOV,
Viktor Vasilyevich KHARABUGI,
Yuriy Ivanovich KHRUSTALEV,
Aleksandr Aleksandrovich SHEVTSOV,
Lyudmila Vladimirovna CHABALY.

2. This decree enters into force as of the moment of its adoption.

[Signed] Chairman of the Crimean Supreme Council S. Tsekov
City of Simferopol
24 May 1995
No. 448-1.

Draft Demarcation of State Property Decree

954F2420C Simferopol KRYMSKIYE IZVESTIYA in Russian 27 May 95 p 1

["Draft Decree of the Ukrainian Supreme Council: On Demarcation of State Property in the Autonomous Republic of Crimea"]

[FBIS Translated Text] With the aim of regulating the problem of demarcation of state property in the Autonomous Republic of Crimea and of endowing the republic with a structure of ownership capable of ensuring economic development of the region, and on the basis of Article 97 of the Ukrainian Constitution and Article 32 of the Ukrainian Law on Property, the Ukrainian Supreme Council

decrees:

1. To veto Decree of the Ukrainian Cabinet of Ministers No. 316, dated 5 May 1995, "On the Management of General State Property Located in the Autonomous Republic of Crimea" as having been adopted prematurely, prior to the completion of demarcation of state property in Crimea.

2. To transfer from general state ownership to the ownership of the Autonomous Republic of Crimea all integral property complexes subject to privatization in accordance with existing Ukrainian legislation.

3. To form the Ukrainian Supreme Council Commission on Matters of the Demarcation of State Property in the Autonomous Republic of Crimea (composition attached), and direct it to submit for examination by the Ukrainian Supreme Council, within three months, jointly with the Ukrainian Cabinet of Ministers, Crimean Supreme Council, and Crimean Government, a mutually coordinated draft law on the transfer to ownership of the Autonomous Republic of Crimea of state-owned integral property complexes not subject to privatization and not comprising facilities of general state significance.

[Signed] Chairman of the Ukrainian Supreme Council A. Moroz.

Decree on State Property Located in Crimea

954F2420B Simferopol KRYMSKIYE IZVESTIYA in Russian 27 May 95 p 1

["Decree of the Crimean Supreme Council: On the Decree of the Ukrainian Cabinet of Ministers No. 316, Dated 5 May 1995, 'On the Management of General State Property Located in the Autonomous Republic of Crimea'"]

[FBIS Translated Text] In connection with the adoption of the above-mentioned decree by the Ukrainian Cabinet of Ministers in unilateral fashion, without taking into account the opinion of members of the Crimean Republic Interdepartmental Commission on the Inventory of State-Owned Facilities, Presidium of the Crimean Supreme Council, or the Crimean State Property Fund, this decree encroaching upon the interests of the Crimean Republic in the exercise of its right to the ownership of state property located in its territory, the Crimean Supreme Council

decrees:

1. To declare as illegitimate and not in conformance with the provisions of Article 97 of the Ukrainian Constitution and Article 32 of the Ukrainian Law on Property—the practice that has come about of adopting decisions on the demarcation of state property in the Crimean Republic by the organs of state executive authority of Ukraine in unilateral fashion, without coordination with the Crimean Supreme Council and without legislative backing for such demarcation by the Ukrainian Supreme Council.

2. On the basis of provisions of the existing Ukrainian Constitution, to introduce through legislative initiative for examination by the Ukrainian Supreme Council the draft Decree of the Ukrainian Supreme Council "On the Demarcation of State Property in the Autonomous Republic of Crimea" (attached).

3. To propose that the Ukrainian Cabinet of Ministers suspend Decree No. 316, dated 5 May 1995, "On the Management of General State Property Located in the Autonomous Republic of Crimea," until the Ukrainian Supreme Council adopts a decision on the legislative initiative of the Crimean Supreme Council which has been introduced.

4. With the aim of regulating contradictions that arise in the process of demarcation of state property in Crimea, to establish the Crimean Supreme Council Commission on Negotiations and Consultations With the Organs of State Authority of Ukraine in Property Matters.

5. To propose that the Ukrainian Supreme Council establish the Ukrainian Supreme Council Commission on Matters of the Demarcation of State Property in Crimea, imparting to it appropriate authority to draw up, jointly with the Ukrainian Cabinet of Ministers and Crimean Supreme Council, a draft law prescribing the definitive demarcation of state property in the Crimean Republic.

[Signed] Chairman of the Crimean Supreme Council S. Tsekov
City of Simferopol
24 May 1995
No. 449-1.

Kiev Radiation Surge Due to Stolen Nuclear Fuel

MM0606112495 Moscow KRASNAYA ZVEZDA in Russian 6 Jun 95 p 3

[Report by Grigoriy Nesmyanovich: "They Found the Nuclear Fuel, But It Hit the 'Background' Hard"]

[FBIS Translated Text] A dramatic increase in background radiation was noted in Kiev two weeks ago. Curiously, this happened the very day after a visit to the Chernobyl Nuclear Power Station by a delegation of experts from the G-7 countries, who gave a positive assessment of the condition of the two working reactors. Nowhere in the local press was a more or less intelligible answer given to the question of what had caused it, despite numerous calls from readers and the persistent rumors of an accident circulating in the city.

I managed to obtain the following information from reliable sources: There was no accident and no discharge from the Chernobyl sarcophagus. But there was a theft of enriched nuclear fuel (most probably from the power station) in a significant quantity. A group of dealers of various nationalities, acting on a preliminary order from buyers, stole six kilograms of enriched nuclear fuel and concealed the "goods" in a secluded spot on the right-hand slopes of the Dnepr. Almost in the very center of Kiev.

The republic MVD [Ministry of Internal Affairs] administration for combating organized crime received information beforehand that the deal was about to be done. Staffers of the city police and specialists from a subunit of the Ukrainian security service were enlisted for the operation to arrest the criminals.

Unfortunately, while arresting them red-handed, the arrest group blundered, and the container carrying radioactive elements was overturned. Soil contamination took place. Decontamination could not be carried out immediately, and because of the windy weather a short delay was enough for background radiation in the city to double.

The source that supplied this information mentioned the approximate value of the deal: $100 million.

Economic Issues

Dispute Over Gas Venture With Russia Reviewed

WS0506142095 Kiev UKRINFORM in English 1159 GMT 5 Jun 95

[From the "Business News Weekly" feature No. 22, 26 May-4 Jun 95] -txt}[FBIS Transcribed Text] The Presidium of the Ukrainian Supreme Council will discuss the creation of the planned Russian-Ukrainian joint venture, Gaz Transit, on June 5.

The presidium's interest in Gaz Transit was prompted by the findings of the parliamentary Commission for the Ukrainian Fuel and Energy Complex, Transport and Communications. According to the commission, the planned transfer of two of Ukraine's largest underground natural gas storage facilities to Gaz Transit is in breach of Ukrainian legislation.

According to the legislation, underground natural gas storage facilities are regarded as part of the facilities used for transporting natural gas or as integral property complexes, which are used for storing the Ukrainian government's natural gas reserves. Such facilities are not subject to privatization.

The agreement with the Russian gas-transporting joint-stock society, Gazprom, on the creation of a Russian-Ukrainian closed joint-stock society, Gaz Transit, was signed by senior Ukrainian government officials (Yevhen Marchuk, Serhiy Osyka, and others) in Kiev on March 20, 1995. However, the Ukrainian parliament insists that it retains the right to make decisions on issues involving the transfer or the possibility of transferring Ukrainian government properties to Gaz Transit.

The agreement was part of the package of Russian-Ukrainian agreements "On the Principles of Redeeming Ukraine's Debts for 1994 Russian Natural Gas Deliveries and Facilitating Current Payments for 1995 Deliveries."

According to the aforementioned document, Ukraine and Russia's Gazprom were supposed to create a joint-stock society (Gaz Transit) on Ukrainian territory, for financing construction and joint use of natural gas transit pipelines and underground storage facilities. Ukraine was supposed to contribute two underground storage facilities located in the western region of Ukraine (Bohorodchanske and Bilche-Volytsko-Uherske) to Gaz Transit's assets. Gazprom's contribution was supposed to be the sum of penalties imposed on Ukraine for delay in paying for 1994 natural gas deliveries (approximately 300 million dollars).

During the Russian-Ukrainian talks which took place in Kiev from April 27 to 28, Gazprom's Chairman Rem Vyakhirev, in a tone which sounded more like an ultimatum, asked the Ukrainian side to make a final decision on the creation of Gaz Transit by May 15.

Ukrainian State Property Fund's Chairman Yuri Yekhanurov and Ukrhazprom (the Ukrainian natural gas industry) officials are united in the opinion that the main issue delaying the creation of Gaz Transit is the failure by its co-founders to reach an agreement on the costs of Ukrainian underground storage facilities.

Ukraine is relying on a cost estimate carried out by experts from "Arthur D. Little." According to them, the Bilche-Volytsko-Uherske underground storage facility costs 9,654 million dollars, while the Bohorodchanske underground storage facility costs 958 million dollars. Russia's Gazprom valued the facilities at 323.6 million dollars and 82.2 million dollars, respectively. Ukrhazprom officials say the two sides will have to reach a compromise on the issue. However, Ukraine continues to insist that its estimates are the more accurate. The Russian side says it is prepared for revaluation of the facilities, as long as Gazprom's representatives are involved.

Another unresolved issue, according Ukrhazprom's officials, is the condition of the sale of the 10 percent of Gaz Transit's stocks which will not belong to the its original co-founders. According to the agreement, each of the two co-founders will own 45 percent of the company's stocks.

In April, Gazprom suggested that the remaining stocks be transferred to the Olgaz joint-stock society. Of late, Ukrhazprom has been insisting that at least 5 percent of Gaz Transit's stocks be sold to foreign investors, but Gazprom insists that Olgaz must become the third co-founder. Gazprom holds a large number of stocks in Olgaz.

Companies Suspend Work on Oil Terminal

WS0506101895 Kiev INTELNEWS in English 2235 GMT 5 Jun 95

["Special to INTELNEWS" by Stefan Korshak]

[FBIS Transcribed Text] Odessa, June 4 — Over a dozen construction companies working on the construction of the Odessa oil terminal from February to the beginning of May have finished removing their equipment from the construction site and demanded their contracts be annulled "to compensate for losses caused by the shortage of financing."

The terminal project, which has been promoted as vital to reducing Ukraine's energy dependence on Russia, owes KBV [karbovantsi] 350 billion to contractors, according to Anatoliy Nihreskul, head of the contractor's association.

In total, the project's debt to construction site workers and suppliers is about KBV3 trillion.

Odessa Mayor Eduard Hurvits vowed that the project would continue, placing the blame for its current woes on organized crime and corruption.

"Our government is corrupted. The mafia has insinuated itself into places where we don't need them. We will show that the mafia will not succeed in taking over Odessa. It won't happen. But victory will not be soon," Hurvits said in a television interview.

The Odessa mayor said the terminal is pivotal in cutting dependence on Russian energy.

"Every year it becomes clearer and clearer that we really need the (new oil) terminal. Russia is an unstable source of fuel, is conducting a war on its own territory, and is not maintaining its oil fields. We must have alternative sources," Hurvits said.

After the project was held up for six months on environmental grounds, Parliament finally gave it the go-ahead in February. The terminal, worth about $1.3 billion, is to serve as a transshipment point for Middle Eastern oil bound for Europe.

Law on 'Exclusive Marine Economic Zone'

WS0606084595 Kiev UKRINFORM in English 1159 GMT 5 Jun 95

[From the "Business News Weekly" feature No. 22, 26 May-4 Jun 95]

[FBIS Transcribed Text] The Law "On the Exclusive Marine Economic Zone of Ukraine" will be enacted on September 1, 1995, in accordance with the Ukrainian Verkhovna Rada's [parliament] resolution of May 16.

The Law specifies the legal status of the exclusive marine economic zone of Ukraine.

Under this law, the exclusive marine economic zone of Ukraine is composed of marine areas which are outwardly adjacent to Ukraine's territorial sea including the territories around the island belonging to Ukraine (Article 2).

The zone's width is up to 200 nautical miles counted from precisely those original boundaries which delineate the territorial sea of Ukraine.

The zone's delimitation proceeds from Ukraine's legislation via concluding agreements with those nations whose coastal lines are either opposite or adjacent to those of Ukraine (Article 3).

The Rights of Ukraine Concerning the Exclusive Marine Economic Zone

Ukraine enjoys the following rights within its exclusive marine economic zone:

— those sovereign rights which involve surveys, development, and conservation of natural resources, both live and non-live, within waters covering the sea bed and on the sea bed and its mineral deposits, as well as those rights which are related to the management of these resources and other kinds of activity involving economic surveys and development of this zone including generation of power through the use of the water, tides, and the wind;
— jurisdiction over creation and utilization of artificial islands, construction of installations and facilities, implementation of marine research and studies, and protection and conservation of the marine environment (in-

cluding customs, taxation, sanitation, and immigration laws) (Article 4).

Within its marine economic zone Ukraine has the exclusive right to set up, as well as authorize and regulate construction, management and utilization of: Artificial islands, installations and facilities for marine research, surveys, and development of natural resources, as well as activities intended for other economic purposes in accordance with Ukraine's active legislation (Article 10).

Ukraine enjoys the right to establish safety belts around the said artificial islands, installations, and facilities and take adequate steps toward securing safety of shipping, as well as of the said islands, installations, and facilities. The width of these safety belts should not exceed 500 meters counted from any point of their outer edges, except in those cases when other provisions are made by commonly recognized international standards or recommended by relevant international organizations (Article 11).

Use of the Exclusive Marine Economic Zone of Ukraine by Other Nations

Within the zone, all nations, both maritime and those which have no access to seas, enjoy the freedom of air and sea navigation and construction of underwater cables and pipelines, as well as other rights to utilize the marine space which are legal in terms of international law (Article 6).

Sea fishery, utilization of other live resources, and studies, surveys, and other operations involving the said fishery and utilization, are carried out by foreign and natural persons and legal entities based only on international agreements (Article 7).

Marine Researchers Within the Zone

All nations (irrespective of their geographic position), their natural persons and legal entities, and international organizations are entitled to conduct research within the zone, provided Ukraine's specifically authorized bodies give their consent, and only on condition that the research pursues peaceable objectives and does not jeopardize the natural environment.

Ukraine may reject an application for research from other nations, if the project involving such an application

(1) is immediately related to prospecting and development of both live and non-live natural resources,

(2) provides for drilling in the sea bed or use of explosives or harmful substances in the marine environment,

(3) incorporates construction, management, and/or utilization of artificial islands, installations, and facilities.

Foreign nations, their natural persons and legal entities, and international organizations which intend to conduct marine research within the zone should submit full information to Ukraine's specifically authorized bodies about the project's nature, goals, methods, and means, with accurate geographic coordinates of the region involved in the project six months before the date set for the project's start.

If the submitted information is inaccurate, or if the nations, their natural persons and legal entities, international organizations involved in the project have not met their commitments to Ukraine under an earlier research project, the specifically authorized bodies of Ukraine may reject the application for marine research (Article 13).

In the course of marine research within the zone, foreign nations, their natural persons and legal entities, and international organizations observe the following conditions:

1) that they ensure participation of Ukrainian representatives in marine research, and in particular ensure their presence on board research vessels, and that they submit preliminary reports, as well as other relevant materials involving the research, as requested by Ukraine's specifically authorized bodies;

2) that they give Ukraine's authorized bodies access to all data and specimens collected as a result of the marine research, and that they furnish information containing estimates of such data and specimens, as well as of the results of the marine research and/or assist Ukraine's authorized bodies in such estimates and data interpretation;

3) that they not hamper activities involving exercise of Ukraine's sovereign rights and jurisdiction;

4) that they immediately inform Ukraine's authorized bodies about any changes in the marine research project;

5) that they dismantle all research facilities upon the project's completion, if the agreement does not provide otherwise (Article 14).

Marine research within the zone which is conducted without permission from Ukraine's authorized bodies or with significant deviations from the original project is subject to immediate termination (Article 15).

Measures To Prevent Contamination and Pollution of the Natural Marine Environment

If there is undeniable and objective proof that a vessel sailing within the exclusive marine economic zone of

Ukraine has discharged pollutants which either harm or jeopardize Ukraine's economic interests in the economic zone or any of its resources, legal proceedings may be instituted against the vessel (including its detention), in accordance with Ukrainian legislation.

Corresponding measures (based on actual or likely damage) may be taken if a ship collision, shipwreck, or any other shipping accident may entail serious negative consequences for the coast and Ukraine's interests (including fisheries) (Article 17).

Dumping of wastes or other materials and objects within the zone is prohibited (Article 18).

Liabilities for Violations of Legislation Within the Zone

Liabilities of Natural Persons

Citizens of Ukraine, foreign nationals and stateless persons bear disciplinary, civil-legal, administrative or criminal responsibility, as provided for by Ukrainian legislative acts (Article 21).

Liabilities of Corporate Bodies

Illegal survey or development of the zone's natural resources, construction of artificial islands, installations and facilities, and the setting of safety belts around these without adequate permits from Ukraine's authorized bodies incur penalties in amounts of 500 to 1,500 times the Ukrainian minimum wage (now Ukrainian minimum wage is 60,000 krb. [karbovantsi] a month).

These penalties are imposed by organs of the Ministry for Natural Environmental Protection and Nuclear Safety of Ukraine.

Similar actions repeated within a year or resulting in shipwrecks, loss of vessels, property, or significant pollution of the marine environment incur penalties in amounts of between 1,500 and 5,000 times the Ukrainian minimum wage with the confiscation of those facilities and equipment with which the violations have been committed (Article 22).

Similar violations if repeated within a year or of particularly large-scale dimensions, as well as those resulting in significantly deteriorated conditions for the regeneration and replenishment of fish and other marine live resources, incur penalties in amounts of 1,500 to 7,500 times the Ukrainian minimum wage with the confiscation of those facilities and equipment with which these violations have been committed. The thus illegally-procured resources are subject to confiscation (Article 24).

Illegal research within the zone entails fines in amounts of 100 to 500 times the Ukrainian minimum wage.

Similar actions, if they committed for a second time within a year or damaging Ukraine's national interests, entail penalties in amounts of 1,500 to 3,000 times the Ukrainian minimum wage (Article 25). These penalties are imposed by organs of the Ukrainian Border — Guard Troops.

Illegal pollution by any means of the zone's marine environment with substances harmful to human health or the sea's live resources, or with any wastes, materials and objects which may cause damage or hinder authorized marine activities, entail penalties in amounts of 750 to 1,500 times the Ukrainian minimum wage, or the confiscation of marine vessels, aircraft or facilities with which the violations have been committed. These penalties are imposed by the organs of the Ministry for Natural Environment Protection and Nuclear Safety.

Similar actions, if repeated within a year or damaging human health, marine live resources, recreational zones, or seriously hindering authorized marine activities, entail penalties in amounts of 1,500 to 7,500 times the Ukrainian minimum wage with the confiscation of those marine vessels, aircraft or facilities with which these violations have been committed (Article 26).

Payment of fines is made in the currency in circulation within the territory of Ukraine.

Foreign legal entities pay penalties with hard currency converted at NBU's [National Bank of Ukraine] official exchange rate as of the day the offense was committed.

Penalties are paid by the offenders on a voluntary basis within a month following the penalty imposition day. If appealed against in court, penalties are made within the month following the court's refusal to accept the appeal.

If a fine has not been paid within the specified period, it is collected via court rulings.

If a foreign legal entity fails to pay the penalty in a timely fashion, a relevant district (municipal) court may hand down its ruling based on a bill of complaint from the relevant organ in charge of protection of the exclusive (marine) zone of Ukraine. Such a ruling may replace the fine with full or partial confiscation of the offender's property or pecuniary means (Article 30).

Taking legal steps against the violations does not free them from payment of damages.

If the UN Convention on Marine Law of 1982 or Ukraine's international agreements provide for norms other than those contained in this Law, the norms of the Convention or relevant international agreements are applicable (Article 32).

Experts Meet To Discuss Hryvnya Introduction

WS0506133095 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 30 May 95 p 7

[Report by Mykhaylo Romantsov on a recent meeting at the "Leaders" Club in Kiev: "The Hryvnya — Around the People's Neck" — three first paragraphs are VSEUKRAINSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] As is known, in Kievan Rus, the word "hryvnya" implied not only a piece of silver that functioned as money, but also a precious-metal necklace. It was normal for only top officials to wear it for excellence. It was the Kievan prince who put this hryvnya around the neck of an official to reward his services.

We have readily prepared our necks for the hryvnya as recently as three years ago, when banknotes of a new, full-fledged Ukrainian monetary unit were printed overseas. By the way, only two nations of the formerly "unbreakable" union — we and Georgia — still use money surrogates, or coupons. Expectations, however, have surpassed all hopes. The government spreads rumors — from time to time — about the immediate introduction of the hryvnya to replenish cash turnover at the expense of scared shadow dealers, and silence returns again.

Well, is Ukraine indeed ready for the monetary reform? Have all necessary conditions for the monetary reform been created? Have any models for introducing the hryvnya been created? In general, is this a reward or atonement for marking time for so long? This variety of issues was presented for discussion at a recent meeting at the "Leaders" Club.

Viktor Suslov, chairman of the Supreme Council Commission for Finances and Banking Activities, thinks that conditions existed for implementing a gradual monetary reform in 1992, however, the incumbent authorities have not yet launched any preparatory efforts in this direction. So, it is now not so important to discuss various models of introducing the hryvnya — a confiscatory one or one that envisages the exchange of monetary units on a gradual basis — because reform now is doomed to failure in any case. Given the unauthorized powers of the government members, the implementation of the monetary reform is an irresponsible move.

By the way, due to none other than the absence of the governmental stamp on a draft law on the monetary system in Ukraine (a specific recognition of responsibility) — submitted by the president to the legislature — this document has not yet been discussed. Therefore, one should look for reasons — due to which the monetary reform has not been implemented — in political "intrigues."

If the monetary reform implies only the exchange (with redenomination) of certain monetary units for other monetary units — without changing the financial system and without specifying economic priorities — it could be implemented at any time, and it will not lead to any economic results. However, if there are attempts to launch this entire fuss, the monetary reform should be used to resolve the crisis of nonpayments, the amount of which stands at 1 quadrillion karbovantsi [K].

Vasyl Kravchenko from the Scientific Research Financial Institute in the Ukrainian Ministry of Finances stated that we now cannot obtain a stable monetary unit, if, however, our objective is not to have national, but weak, money. To provide a stable hryvnya rate, it is necessary to create conditions as follows: to stop the reduction in both production and turnover of goods; to form a balanced, low-deficit budget; to shrink the monetary mass; to balance payments; to amass relevant gold and currency reserves (according to previous estimates, it should stand at $2 billion); and to adopt a law on monetary turnover.

With regard to this "gentleman's set," Ukraine now has only a low-deficit, 7.6 percent of the budget that was formed due to the refusal to finance entire state sectors, culture and the social sphere, as well as due to shrinking the monetary mass artificially at the expense of unpaid wage debts reaching K60 trillion. Therefore, it is still too early to introduce the hryvnya.

"If we, however, meet all these conditions, we will also not need this monetary reform," argued **Volodymyr Sydenko** from the Institute of World Economy and World Relations, referring to the previous speaker. "The French say that if the bottle is open, you should drink wine." Lengthy expectations on the microlevel — among the people — result in a lack of faith in the hryvnya that has already so seriously affected the karbovanets.

IMF representative Aleks Sundokov challenged Vasyl Kravchenko's concept. In his opinion, to achieve a "stable" hryvnya, it is not at all necessary to launch attempts to stop a drop in production: The Baltic states introduced their monetary units when their production was shrinking, this process is currently continuing, nevertheless, their currencies are extremely stable. He also said: "I believe that we do not need a nondeficit budget, but we need a noninflationary budget that is very important for Ukraine as it enters international markets. In addition, the balance in payments is not a necessary condition for introducing the stable hryvnya. When investment capital flows to the country, it is simply impossible to balance payments; perhaps this could be done only due to huge exports and by refusing imports that is unachievable for Ukraine." It is also unnecessary to create stabilizing gold and currency reserves, because this must be done only when the monetary unit is "tied" to foreign currencies. Most national currencies, however, have a floating exchange rate and do not suffer from this.

Oleksandr Orlenko from the Private Management Institute believes that due to the absence of objective conditions, the hryvnya must not be introduced under any circumstances. If in view of the continuing drop in production the hryvnya rate is fixed, it would be impossible to avoid the distribution of all goods and services through the rationing system. So, if this happens, what was all that fuss for?

Oleh Soskin, director of the Institute of World Economy and International Relations, made a summary: "The hryvnya must be introduced, but it must be introduced in parallel with the circulated karbovanets and convertible currencies, because hard currencies in Ukraine are virtually the single form of private property and their prohibition will be of a confiscatory nature."

Well, all participants in the discussion agreed, for example, with the inadmissibility of implementing the immediate-confiscatory monetary reform, when the state exchanges all karbovantsi for hryvnas instantaneously and not without benefits for itself, because the confiscatory model alone symbolizes a very strong mistrust which will immediately hit the hryvnya. In addition, the aim to withdraw shadow dealers' money during confiscation is not only utopian but is also harmful: Shadow dealers should not be ostracized but they should be given the opportunity to legalize their activities. The discussion, however, did not provide the answer to the most important question: Is it possible and is it necessary to make the people happy by introducing the long-awaited hryvnya now? Please, you must agree that the psychological readiness of the people to obtain new monetary units is far from being the most important reason for implementing the monetary reform, because the independent stabilizing fund, however, will be exhausted within several weeks. The collapse of faith in the national currency — one of the unutilized symbols of Ukrainian statehood — will become, with a great degree of probability, one of the factors for discrediting our independence. You should not go far to find examples: Let us recall how the Belarusian "hare" jumped along the inflation road. Its speed exceeded that of the Russian ruble.

Agriculture Minister Sees No State Crop Purchases

WS0606091795 Kiev INTELNEWS in English
0026 GMT 6 Jun 95

[FBIS Transcribed Text] Cherkasy, May 4 — Acting Agriculture Minister Yuriy Karasyk said there will be no state purchases of this year's harvest to help keep inflation down. This year, harvesting will be conducted under a market scheme which will force agricultural producers to rely on their own.

"This year, the government will not resort to state purchases of this year's harvest, which means no monetary emission will be issued for this purposes," Karasyk said.

The announcement follows a meeting between President Leonid Kuchma and regional heads of agribusiness in Cherkasy.

Karasyk said Kuchma promised to write off the stubbornly high discount rates of credits to agricultural businesses when inflation was high.

Raising Gas Transit Fees 'Inspires No Optimism'

WS0506140395 Kiev UKRINFORM in English
1159 GMT 5 Jun 95

[From the "Business News Weekly" feature No. 22, 26 May-4 Jun 95]

[FBIS Transcribed Text] The results of Ukrhazprom's most recent round of talks with its Russian counterpart, Gazprom, inspire no optimism with regard to raised tariffs for transit piping of Russian natural gas via Ukrainian pipelines, according to certain eye-witnesses.

Under the 1995 agreement between the two nations' gas agencies, the transit tariff is $0.64. It has remained virtually unchanged since 1993, when it was negotiated by the then acting Ukrainian first vice-premier, Yukhym Zvyahilskyy.

Ukrhazprom's starting bargaining price was $1.73 per 1,000 cu. m. [cubic meters] per 100 kilometers of pipelines.

In 1995, Ukrhazprom is expected to pipe 100 billion cu. m. of Russian natural gas across the territory of Ukraine.

The Russian party's main argument in the dispute has been Ukraine's tremendous and mounting indebtedness for natural gas supplies.

As of second half of 1995, Ukrhazprom intended to raise the transit tariff rate to $2.20-$2.40, which would be barely enough to meet its own operational costs with regard to Russian gas transit piping.

In calculating the transit tariff rate Ukrhazprom took into account the overall length of the transit route (which is the sum of three transit directions, all leading westward) and the cost of natural gas used for firing gas turbines (the so-called technical gas) to ensure the major pipelines operational pressures (there are about 800 such turbines of 5.5 million kilowatt-hours along the pipeline).

According to Ukrhazprom, 8 billion cu. m. of natural technical gas was burned in 1994 to pipe 111.5 billion cu. m. of Russian natural gas exports and 68 billion cu. m of Russian and Turkmen natural gas meant for Ukraine's domestic consumption. The price for Russian natural gas at the Ukrainian-Russian border amounts to $80 per 1,000 cu. m.

As Ukrhazprom's experts believe, the transit tariff's approximation to the real costs will allow more funds to be reserved for monitoring the pipeline system's performance, thus avoiding accidents and gas leakage.

It was precisely due to lack of funds that Ukrhazprom had to abandon many new state-of-the-art technologies for monitoring pipelines' behavior and preventing accidents. As a result, the number of accidents grew up, Ukrhazprom experts admit. The $0.64 tariff for transit of 116 billion cu. m. of Russian natural gas exports has been determined based on the $50 per 1,000 cu. m. price for Ukrainian natural gas users. (Russia's annual quota has been set at 52 billion cu. m.).

Belarus

Debt for Russian Gas Over 3 Trillion Rubles

WS0606083995 Minsk Radio Minsk Network in Belarusian 0300 GMT 6 Jun 95

[FBIS Translated Text] As of 1 June, the total Belarusian debt for Russian gas deliveries was 3,360,222,000,000 Belarusian rubles [BR]. Debts of Belarusian consumers for electricity supplied from Russia were BR312.503 billion, and BR78.131 billion for electricity from Lithuania. As sources from government circles reported, in May 1995, consumers covered 80 percent of payments for gas, 100 percent — for electricity; and 70 percent — for residual fuel oil.

Party of Labor Warns of 'Mass Spontaneous Actions'

WS0506134795 Minsk BELAPAN in English 1307 GMT 5 Jun 95

[FBIS Transcribed Text] The leadership of the Belarusian Party of Labour has made a statement in which it urges the President and government to revise the economic and social policy being conducted with a view not to allow a collapse in the sphere of material production. "Despite all assurances and promises from the government, and the rather optimistic tone of the state-owned media when covering the situation in the country, the economic and social crisis in the country has been extremely aggravated," the statement reads. "In the major part of industrial enterprises production has been sharply reduced. Many of them have stopped altogether. The tax and financial-credit policy being conducted is killing enterprises that are still functioning... Delays in the payment of wages and pensions have become of a mass character, which is aggravating people's lives beggarly as they are... A number of socially important laws are not being observed, including the law on the protection of the population that suffered as a result of the catastrophe at the Chernobyl nuclear power station." The leadership of the party warns that if today the public expresses protest by its attitude towards the exercising of its suffrage, tomorrow the protest may be manifested in mass spontaneous actions. The Party of Labour suggests that trade unions and other public associations should unite their efforts to uphold the rights of the population of Belarus.

Party Leader Deems Elections, Referendum Unfair

WS0506125595 Minsk NARODNAYA GAZETA in Belarusian 31 May 95 p 1

[Commentary by Belarusian Peasant Party Chairman Yawhen Luhin, "recorded" by Syarhey Plytkevich: "These Were Not Elections, But Only a Collection of Signatures by the Authorities"]

[FBIS Translated Text] Preparations for elections take 18-24 months in civilized countries. In our country, however, the Law on Elections was passed and a date set just a few months before the actual voting. In addition, the law itself and the set date reflected the notion that the elections should not take place at all. I would like to point out that according to our law, more than 50 percent of the electorate (in Russia 25 percent, for instance) should participate in the elections for them to be considered valid. Aside from that, the date for elections was scheduled for the period when the sowing campaign would be in full swing.

In my opinion, however, even the president did not want to be left without a Supreme Soviet, because there would then be nobody to blame for all the errors. Still, he even urged Belarusian citizens to not participate in the elections. Currently, in my opinion, the entire responsibility for the state of affairs in the country rests on the president and his team, and I have no idea what they are going to tell the nation now.

Still, during the election campaign it was very difficult for me to meet with young people, particularly with young women, who were simply crying and telling me that they had no money to buy bread. Kolkhozes and sovkhozes had not paid wages for two or three months. At the same time, the question of the replacement of symbols was raised in the referendum — which meant that an additional 900 billion rubles would go down the drain! Our money had already been printed, new passports were ready and so on. All this we will now have to change.

However, let us get back to the elections. The entire electorate could be divided into several categories. The first and quite large group of people was angered over the difficult living conditions. They were likely to vent their dissatisfaction on anyone. As a rule, they either did not vote or crossed out all the candidates' names on the ballot. The second group of people comprised those who remember the times of communist rule with nostalgia. The delayed- action mine — which had been planted in 1991 when the Communistic Party of Belarus was banned — exploded and all leaders of the former Communist Party moved to work in the economic sector or in administrative bodies. Those people in particular have led the country to such a terrible condition. Therefore at present, people were voting for the communists. They were also voting for the Agrarian Party, which comprised the managers of agricultural enterprises. The party is tightly connected with state structures, and in fact, the party and local authorities are represented by the same people, who could exert influence on simple villagers. Therefore, they also won. In addition, I am in possession of plenty of facts indicating that in many instances voting was not entirely secret. Members of the voting commission would accompany an old woman in a village to the ballot box, as this woman herself would ask them for help since it was too difficult for her to choose among eight or 10 candidates. Obviously, she was prompted for whom she should vote. Thus, in my opinion, we had no elections, but only a collection of signatures by the authorities.

Columnist Views Situation After Referendum

WS0506130095 Minsk SVABODA in Belarusian 26 May 95 p 4

[Commentary by Aleh Hruzdzilovich: "The President Can Be Defeated Only by Those Who Will Like Him"]

[FBIS Translated Text] The Americans say that any problem can be resolved if it is given thorough consideration. However, the question that arose after the first round of parliamentary elections and the referendum in Belarus, belongs to the most difficult problems and, for the time being, is unresolvable. How can the president be defeated? Even the president seems to be unable to answer this question. It is obvious that no serious corrections can be introduced in election tactics. The election campaign is proceeding under its own momentum gained during the first round, with confrontation as the campaign's leitmotif. Meanwhile, the second round of the campaign has sharply increased the role of personalities. This role should increase. We will soon see who has understood this trend. However, the overall results of the elections have been predetermined by a seemingly different event — the referendum. As is known, the referendum has been lost.

Was There a Chance To Avoid the Referendum?

There were even two chances. The last one was to call for voters who supported the opposition to boycott the referendum. As is known, the referendum turnout stood at 64 percent of those eligible to vote. Almost one-fourth of these voters did not support the president. If these people had not taken their referendum ballots, the referendum would have failed. True, the president's "vertical structure" could increase the turnout with unclaimed ballots or in some other way, but this trick might also have misfired due to official observers at some polling stations. Of course, there were purely technical difficulties — how to appeal for a boycott without access to the media? The point, however, was not in the fact that the opposition was incapable of issuing such an appeal, but that it did not see any need to do this. The opposition continued to pin its hopes on some last-ditch effort, on one more leaflet by the Belarusian Popular Front, on some most expressive argument. Unfortunately, the opposition was dominated by romantic dreamers. They saw the president appealing to cross out all candidates, but did not dare to do the same regarding the referendum. Well, they were afraid of being accused of not wanting to seek advice from the people. Now they have been advised....

In the long run, the referendum should have been opposed long ago. The idea of a referendum emerged when the president found himself in a tight corner, on the one hand, oppressed by predictions of an inevitable victory of the opposition in parliamentary elections, and on the other — by categorical statements about his inability to lead the country out of an economic deadlock. A different, pragmatic man would not react to this. In the entire civilized world, it is normal for the opposition to make such statements. In Belarus, however, all European norms operate in precisely the opposite direction (the hunger strike of the opposition deputies is the latest example). For this reason, our voters treated attacks on Lukashenka as those affecting them personally. The president, understanding this, granted the electorate a chance to respond to this offense. The euphoria of celebrations [of the victory in World War II], a film about hate [an anti-opposition movie broadcast twice by Minsk television before the referendum and elections], and aroused nostalgia for the past only reinforced the already accumulated reaction. This was only a matter of technique, as people say. The opposition may console itself with a moral victory, but the elections showed that it is incapable of exerting influence upon the masses. Even the fact that the people see no other "defenders" of their interests except for [President] Lukashenka was a revelation for the opposition. The opposition based its election tactics on the tenet that life is worsening. However, the result proved opposite: If life is worsening, then let us close our ranks around the "father"! It is clear now that last year's efforts to ruin Lukashenka's image were lost; instead, it was necessary to create an alternative to him.

What Will the New Parliament Be Needed For?

If there were a competition between new anecdotes, I would grant that the first prize would go to the president for saying that he will not go to vote because deputies will cheat the people all the same.

Lukashenka needs a new parliament very much, because the old one has completely discredited itself — one cannot drive this "old coach" too far. Lukashenka addressed his "do-not-vote" directive only to those who would not be visited by electoral commission members with polling boxes. And so it happened: The voting in cities was disrupted, while villages and small towns (which are nothing more than large villages) determined their preferences almost definitely. The second round will only dot its "i's" and cross its "t's." It is already clear that two-thirds of the deputies will be elected, even if by a tiny margin. There will be 15-25 deputies on both the left and the right, as well as a huge "quagmire" of deputies absolutely subordinated to the president. The capital city will be left virtually without any deputy, because the elections will be invalid in the overwhelming majority of constituencies. A "mighty bunch" of several deputies from the intellectuals, who will break their way to the parliament against all odds, will become a target for offenses and provocations. In addition, attempts will be made to bribe these "pundits." Clashes between the rightists and leftists will again be presented as an indicator of impotent democracy. Unpopular measures will be approved by the parliament, while combating crime or corruption, which is so loved in Belarus, will be monopolized by the president. If the parliament opens some leeway for business, the president will close it up "to prevent traffickers from feeding on it." And so on. This, however, is not the main reason why Lukashenka needs a new, obedient parliament. The main reason is in the denouncement of the Belavezhskaya Forest agreements [dissolving the USSR], which will be declared immediately following the "surrender" of Ukraine. Well, it is possible to cancel the resolutions of 1991 with the same people who supported these resolutions by their votes, but this is also a ridiculous task. It is short-sighted. Such a case needs an aura of national reconsideration. Only a new, castrated parliament will be able to perform the historic mission of coming back into the single family of the Soviet people. Regarding the elections in the fall, nobody will hinder them. It is enough not to amend the electoral law, and not to decrease the limit of voters to make these elections a never-ending story. Some time later, everybody will forget about them. We were witnessing such a situation over the last five years.

The State

For the man of principle, Belarus cannot be referred to as a "state" any longer; such words as "republic," or even "neighborhood" or "vicinity" will do quite well. On 14 May, elderly people pushing for the referendum like for a military parade or their last attack, deprived young people — their descendants — of their future country. This was like an actual abortion, even in its visible consequences: Likewise, a young woman right after an abortion pretends that there is nothing wrong with her, only her steps are a little shaky; likewise, she produces something dirty and red in the act. Later, however, will she not be tormented by pain in her heart, and grief, and pity for an unborn child, and hate for the circumstances that forced her to do this? This is like in life. Five years will pass, and we will be looking at Lithuania or Estonia from behind the barbed wire, not amazed by their successes, but full of hatred, just like that woman looking at children — equal in age with her own unborn child — who run about, then attend schools, then marry, whereas her own child will never take a single step. In time, the number of those satisfied with the development of events will be decreasing against the increasing number of the disappointed. Some day, young people will ask their fathers: What have you done?

Young People

In principle, we should not delude ourselves: The young generation always chooses Pepsi. As for our young Belarusian people, they will adapt to any Pepsi in the world. However, it is also a delusion that the last four years passed in vain. The idea of independence has become ingrained in several Belarusian generations. There will soon be attempts to destroy these offshoots, to trample them; there will be proposals to substitute them with the legendary Slav unity or some other political specter. However, those who entered their conscious life during the years of independence, will not forget them. It is a common belief that our political opinions are formed in the most comfortable period of our life. Were these past years not good for our young people, who could do anything they liked, who could mock any idol, and pray to any god? After a time, the past years of independence will become the starting point for those young "idlers." This also refers to those young politicians, for whom the loss of their country's independence means the collapse of their ambitions and plans, the impossibility of self-realization. The attitude of the well-known young politician Anatol Lyabedzka toward the referendum is a graphic example. He was an active supporter of Alyaksandr Lukashenka in clearing the way for "new names," but today he disappointingly admits that he sees no state interests in the referendum. There are actually no interests there, because the referendum was intended as a tool for ruining the state. What future is our young political elite facing? That of minor actors on a provincial stage in an empire. Of course, as historical experience shows, some of them will be able to adapt themselves and receive their slice of the pie. Some of them, however, cannot be reeducated, because they have already tasted freedom. As usual, some will go abroad, while others will find their place in the field of science or at universities, as this can already be seen today. They will accomplish their own self-realization in their students, as was the case with the Soviet generation of the 1960's — the spiritual fathers of the perestroika. This heritage will prepare the ground for a Belarusian perestroika. Possibly, this will not be just a revival, but a liberation movement.

Russia

I think that Russia's rulers are scared today. They have finally understood that they let the genie out of the bottle by allowing Lukashenka to hold the referendum. The destructive left-wing impetus of the Belarusian referendum has pushed Russia's political pendulum to the left, too. Nostalgia for the past, like a plague of the 20th century, cannot be resisted any longer. It seems that neither the Chechen "condom" nor contraceptive pills made in Chernomyrdin's version of "our house" will be of much help. The danger for [Russian President] Yeltsin is that he is interested in staging something of this kind in Ukraine, where the reds are also craving for revenge. On the other hand, fire may also spread to Russia, and then there will be no rescue. Therefore, the referendum in Belarus activated a countdown for Yeltsin. If he manages to do something to absorb Belarus and Ukraine in time, he will win and bring Lukashenka and similar "nationals" to his own company. Otherwise, unification will be accomplished by the reds without him. Lukashenka will soon become unnecessary for Yeltsin. It will be more advantageous for Yeltsin to have the legend of Lukashenka instead of the man himself, because legends do not demand their share of money and inexpensive gas. Russian television star Darenko shamelessly discusses in the Versions program how Russian capital will "cultivate" Belarus, and states that "political prosperity of local authorities should be based on economic prosperity of Russian enterprises" [words within quotation marks in Russian]. When our president understands that he is no longer a lord in his own country, it will be too late. If he disapproves of the situation — which is possible with his character — then.... how to get rid of puppet presidents, we have learned very well from the experience of those African countries that have also gotten used to changing their flags. This is a postcolonial way of things, and it cannot be helped. As is known, it is but one step from love to hate. As for me, I think that our president will approve of his situation. Lukashenka is still a "young politician" [words in quotation marks in Russian], and everything is ahead of him, including love for his opposition.

Moldova

14th Army Officers Ask Yeltsin Not To Dismiss Lebed

AU0506192295 Chisinau BASAPRESS in English 1930 GMT 2 Jun 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 2/6/1995 — 14th Army officers sent an open letter to the Russian Army Supreme Commander President Yeltsin in which they demand a moratorium on reductions in the Army's personnel and General Lebed's [14th Army commander] dismissal. "If this does happen, 14th Army officers decline any responsibility for the later developments and will have no other choice than to follow General Lebed's example and take care of themselves by presenting their resignations," stated a letter made public today in Tiraspol. According to the officers, the events surrounding the 14th Army reorganization and General Lebed's dismissal have reached a critical phase. "The state of things in Dniester is still difficult and contradictory, while Chisinau-Tiraspol talks are at an impasse, the proof being that the special status for Dniester has not yet been determined. Pro-Romanian and anti-Tiraspol forces in Chisinau are again gaining ground. The resumption of the armed conflicts is quite possible," says the message to Yeltsin. "General Lebed's dismissal may lead to the stealing of armament, assaults on Russian soldiers which is denoted not only by the events that occurred in Moldova, but also by the situation in other regions where the Russian troops were withdrawn." 14th Army officers believe the reduction of the 14th Army command and Lebed's dismissal might provoke "a new escalation of the tension on the Moldovan land which might extend to other regions."

Russia Replaces Two Peacekeeping Battalions

AU0506192095 Chisinau BASAPRESS in English 2200 GMT 1 Jun 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 1/6/1995 — The Russian peacekeeping forces that control the collective security zone along the Dniester together with Moldovan and Dniester peacekeepers changed their troops last week. BASA learned from the Joint Control Commission (JCC) that two Russian battalions of 878 soldiers that returned to the Volga military region were replaced. Given this change, four wagons of technical-military properties were shipped to Russia. No military hardware or munitions were withdrawn. The Russian peacekeepers are changed every half of year. At the last change, the Russian side unilaterally reduced the number of its battalions from four to two. The Moldovan delegation to JCC protested then.

Exports to CIS Hampered by High Prices

AU0506202695 Chisinau BASAPRESS in English 1930 GMT 3 Jun 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 3/6/1995 — Moldova's foreign trade turnover increased by 21 percent during the first four months of 1994 compared with the corresponding period of 1995, while exports to the West by 72 percent, Vice Premier Ion Gutu stated in Parliament this week. Western countries unlike the CIS do not impose excises and other taxes on Moldovan exports. Moldovan goods are not competitive in the CIS because of high prices. The share of energy costs in production costs increased from 1 percent to 13 percent over the last four years, while the share of the interest paid on loans from 0.7 percent to 8 percent. In 1994, production costs for a leu's worth of goods produced were 0.93 lei that is, by 0.23 lei more than in 1993.

Ion Patratii, doctor in technical sciences, said earlier due to the artificial stability of the leu's value and its uncorrelation with the value of the neighboring countries' currencies, prices in Moldova by late 1994 were 2.44 times higher than in Russia. "The problem of markets is still the number one problem for Moldovan producers," said Gutu.

The Chisinau Parliament decided to reduce the excises on wines exported to CIS by 50 percent with the view of fostering exports. Governmental sources told BASA that a program for intensifying exports is being worked out. According to it, the government will grant some privileges to producers.

Iran Refuses To Pay in Hard Currency for Imports

AU0506202595 Chisinau BASAPRESS in English 1930 GMT 3 Jun 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 3/6/1995 — The trade agreements that were to be signed between the Moldovan Agriculture and Food Ministry and Iranian representatives during the latter's recent visit to Chisinau were not signed because of divergencies regarding prices and methods of payment, BASA learned from Agriculture and Food Minister Vitalie Gorincioi. He said the Iranian side intended to buy 45,000 metric tons of sugar, 30,000 metric tons of oil and 10,000 tons of meat. Iran was ready to open a special account in Iranian national currency for Moldova. Chisinau demanded that the payment be made with the hard currency Iran charges for oil deliveries to Moldova. In November 1994, Iran agreed to deliver 2 million of metric tons of oil to Moldova. Larisa Railean of the State Fuel Association told BASA the deliveries have not been started yet.

Gagauz Parliament Chief Contests Election Fairness

AU0506194295 Chisinau BASAPRESS in English 1930 GMT 2 Jun 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 2/6/1995 — Mikhail Kendigelean, Gagauz Parliament chairman and a candidate for Gagauz Yeri governor, told BASA George Tabunshik gained most of the votes at the elections only because of electoral frauds. "If the electoral commissions had been honest, Tabunshik would have been outstripped by Dmitry Croitor, the Ceadar-Lunga district executive," said Kendigelean. According to him, "members of the electoral commissions called on every household and talked people into voting for Tabunshik. We will try to install a very strict iron rule in Gagauzia through the People's Assembly if Tabunshik wins the elections," said Kendigelean, adding "we now know who rules the corrupt structures in Gagauzia will liquidate them." He believes "there are sufficient resources in the region to provide for a decent life and replenish the budget."

Kazakhstan

President Nazarbayev Departs for France

LD0506123695 Almaty Kazakhstan Television First Program Network in Russian 1100 GMT 5 Jun 95

[FBIS Translated Text] President Nursultan Nazarbayev left for France and Switzerland this afternoon. Our correspondent Tileukabyl Usen interviewed him before his flight:

[Begin Nazarbayev recording] The aim of this visit is to hold an official meeting with the new president of France, with whom Kazakhstan is forming exclusively good relations, and to bring government means into the development of uranium deposits and the sale of uranium; oil and gas fields and oil and gas pipelines; and the production of precious and nonferrous metals.

On political issues, I think, with France, with the greatest state in Europe, it would not be excessive for Kazakhstan to receive once again a guarantee for our independence.

My report has already been prepared for the international conference on disarmament in Geneva. It is a very important factor of the presentation of both the foreign and domestic policy of our country. Talks will be held with the UN committee. This is being arranged at the invitation of the UN leadership. These visits are important for our country. [end recording]

Tokayev on U.S., Canada Visit, China Policy

954F2436A Moscow DELOVOY MIR in Russian 30 May 95 p 5

[Interview with Kasymzhomart Tokayev, minister of foreign affairs, by correspondent Ivan Dimov in Almaty; date not given: "We Cannot Confine Ourselves to a Narrow Regional Framework. This Would Be Injurious Both to the Tactical Assignments and Strategic Purposes of the Republic"]

[FBIS Translated Text] [Dimov] Esteemed Kasymzhomart Kemelevich, let us leaf through our diplomatic calendar. How might you assess the recent government visit to the United States and Canada? The point being that the world press has commented quite unambiguously on this trip. Specifically, a Moscow newspaper reported, not without sarcasm, that the main difficulty of Prime Minister A. Kazhegeldin's partners was finding the Republic of Kazakhstan on the map.

[Tokayev] I believe that this assertion remains wholly and fully on the conscience of the Russian journalist working in the United States. A. Kazhegeldin was received by Vice President A. Gore, Acting Secretary of State S. Talbott, A. Lake, the president's assistant for nationalities and security [as published], and Energy Secretary O. Leary [as published]. We also had meetings with Senate Majority Leader A. [as published] Dole and a number of other senators. It is hard to suspect these people of an ignorance of geography.

[Dimov] On what did the negotiations concentrate?

[Tokayev] The first topic was nuclear nonproliferation. The Americans were greatly appreciative of Kazakhstan's position. The nonproliferation posture should be extended indefinitely and unconditionally. A special conference, which amplified all the details of states' positions in relation to the Nuclear Nonproliferation Treaty, concluded recently. I was in New York recently and I addressed the conference and confirmed the republic's position.

The second: We will comprehensively develop mutually beneficial political and economic cooperation. According to A. Gore, Kazakhstan is seen as the United States' most important partner in Central Asia.

Third and finally, our mutual relations with Russia were discussed. We were asked, naturally, about Kazakhstan's relations with Russia. A. Gore received with understanding the premier's statement that Russia is for our republic the indisputable priority in foreign policy. As the U.S. vice president said, relations with Russia are, in fact, very important for the United States also.

The U.S. vice president emphasized that he supports the integration of the former republics of the Soviet Union, and the criteria of such integration were mapped out for the first time during A. Kazhegeldin's visit, what is more. It should, in the Americans' opinion, be undertaken in accordance with the will of the peoples of these countries and must not be directed against any states that do not desire this integration.

[Dimov] One awkward question, Kasymzhomart Kemelevich. As we know, the European Union has concertedly refrained from admitting Russia to membership of this authoritative organization. Strong business ties are taking shape for Kazakhstan with the EU. Are there not fears among the European partners that Russia will attempt to somehow influence the European Union via third countries— Kazakhstan. Considering, particularly, the fact that Russia and Kazakhstan are now bound not simply by neighborly but also allied commitments, in the military sphere included....

[Tokayev] On 23 January of this year the president of Kazakhstan signed an agreement with the European Union on partnership and cooperation. Prior to this, similar agreements had been signed with Ukraine, Moldova, and Russia. That is, Kazakhstan was the fourth state of the CIS to have concluded so important an agreement from the viewpoint of introduction to the European economy and to world civilization.

We sensed no suspicion on the part of the Europeans in relation to Kazakhstan—and the 15 ministers of foreign affairs of the participants in the union were present during the signing ceremony. We know why we aspired to partnership with the EU. Honest partnership, trade relations, protection of investments. But not "pressure" for the sake of someone else.

[Dimov] It is unforgivable for any state to ignore relations with Russia, with America....

[Tokayev] For sovereign Kazakhstan included. I emphasize each time that Kazakhstan-American contacts are an important instrument of our foreign policy guaranteeing the normal process of constitutional development. And it should be observed that the Americans are responding to our viewpoint with understanding. In the opinion of the leading politicians determining the country's policy, Kazakhstan is a stable republic engaged in democratic transformations.

Generally, we had the impression that relations with Russia are very valuable for Washington, and for this reason the United States is forced to adopt a more cautious policy, as distinct from certain European countries, say. As far as financial assistance is concerned, it should be distributed evenly, primarily among such important states as Russia, Ukraine, and Kazakhstan.... Especially since our republic adheres to an open economy and is maintaining constitutional order without resorting to force of arms.

Thus our country has opted for a multi-vector policy, and we adhere to it at the United Nations also.

President of Kazakhstan Nursultan Nazarbayev believes that there is no point confining ourselves to some narrow regional framework. This would be injurious both to the tactical assignments and the strategic purposes of the republic. In a word, Kazakhstan is for the further development of political and economic cooperation based on the Democratic Partnership Charter, which the presidents signed last year. I would mention in passing that Kazakhstan is the sole state in Central Asia to have signed such a document with the United States.

A declaration on trade, economic, and investment cooperation and also a memorandum on the development of business services in the sphere of market information, a declaration on investment cooperation, and an agreement in the sphere of the environment and the protection of natural resources have now been signed. And, finally, the GLOBE program, which provides for assistance to Kazakhstan in the sphere of environmental education.

[Dimov] Were the prime minister's negotiations in America not complicated by the fact that the parliament in the Republic of Kazakhstan has been dissolved? It is splendid that our president complied with the ruling of the Constitutional Court, of course. This means that we are finally starting to switch from words about democracy to the practical accumulation of democratic principles....

[Tokayev] But, you will agree, any state without a parliament is suspect. Local television recently transmitted a cautionary fact: Several major properties had been put up for a privatization auction in Almaty. Foreigners withdrew their bids, giving as their reason for this the uncertain political realities.

[Dimov] Did your partners express concern on this matter?

[Tokayev] The position of our side was set forth for the Americans. They observed that respect for the ruling of the Constitutional Court testifies to a strengthening of legality in Kazakhstan. At the same time overseas experts are entitled to consider that we cannot drag our feet over parliament. And our information that parliamentary elections would most likely be conducted this year was received with unconcealed relief.

[Dimov] America is, generally, a known country for high-level Kazakh politicians. Which cannot be said about Canada....

[Tokayev] The visit to Canada appears to me to have been very productive. Agreements with major firms operating in mining industry totaling over $300 million were signed. We laid a legal foundation for a further agreement, having signed a declaration on political, trade, and economic cooperation. A. Kazhegeldin had a very interesting conversation with Canadian Prime Minister Jean Chretien. The leaders of the two governments concluded that so-called "middle" countries should cooperate more substantially with one another. Kazakhstan and Canada are entirely comparable in terms of size and could perfectly well create a benevolent and constructive background of mutual relations.

I have a pretty good relationship with Michael Chen, minister of state for foreign affairs. He is a Canadian of Chinese extraction, and I worked in China and know the language. This brought us closer together, of course.... He will, evidently, be coming to Almaty shortly, and we will be able to continue the dialogue that has been started. Our countries have many "points" for the common application of forces, of course.

We, of course, are interested in technology. The Canadians would like to show what they can do in gold mining. Canadian engineers may soon be seen, evidently, at the celebrated Vasilkovskoye field in Akmola Oblast. As far as the oil fields are concerned, the Canadians are displaying caution here, looking at the Americans to see how things are going with them.

[Dimov] Kasymzhomart Kemelevich! Not long before A. Kazhegeldin's visit, you yourself were in America and met with Ruth Hartkin, head of the influential OPIC, which specifically deals with private investments....

[Tokayev] Yes, our premier had such a meeting also. This corporation systematizes packages of proposals for us, mainly from American business. This is no simple matter, after all, the account here runs into hundreds of millions of dollars. It has to be said that we criticize ourselves for the slow pace of the reform, and rightly so, at times. But America and Canada believe that we have come quite far. And our partners were people who do not, what is more, dish out compliments just for the sake of it.

[Dimov] You were obviously asked about relations with China, especially since a visit to this country of the president of Kazakhstan is scheduled....

[Tokayev] What is most important is that with China we have practically no serious problems clouding our relations. True, disturbing signs have appeared: Commodity turnover between the two countries is declining. There is an explanation for this: Both countries have become more stringent regarding both the quality and the cost of the commodities. We will endeavor to shift the "point of gravity" in economic relations toward the stronger eastern areas, toward the free economic zones. Not forgetting our close neighbor—Xinjiang—either, of course. We have long-standing relations with this Chinese province....

[Dimov] The question of the creation of a free economic zone will obviously be raised during the president's upcoming visit—not far from the ancient city of Dzharkent, which was on the Great Silk Road....

[Tokayev] Yes, this matter will be discussed during the visit to China. But it is extraordinarily delicate. There are all too many attendant problems.

We need first and foremost to conclude an intergovernmental agreement, although, as you recall, the Hong Kong company Yizhou Ltd has offered to finance construction in the free economic zone. But Kazakhstan, as a subject of international law, is not entitled to negotiate with a company, even one of the biggest on the Asian continent.

We need to decide in the intergovernmental agreement how the zone will operate, of whom the management committee will consist, how votes will be allocated in it.... Not all is clear as regards the infrastructure of the zone, for which it is contemplated allocating 260 hectares at the intersection of the two borders (130 on the part of Kazakhstan, 130 on the part of China), where high-technology enterprises will be located. It is essential to think through who will guard the boundaries of the zone and how. The recent agreement with Russia and Belarus requires us to be particularly careful in the preparations, for we undertook to take account of one another's interests and to guard by joint efforts the exterior boundary of the Triple Customs Union.

The creation of a free economic zone on the border of two states is without parallel in the world. Especially since 1977, when Hong Kong will become a part of the PRC, is not all that far off. How this will influence the plans of Yizhou Ltd, we do not know this either as yet, and we are talking about big investments. The account could run into billions of dollars....

If we conclude such an agreement, this will, I believe, not only be a powerful breakthrough in the cooperation of the two countries but will serve the cause of peace and stability throughout the continent. For it has long been observed that mutually beneficial trade extinguishes political passions, brings an end to wars, brings people closer together, and makes them kinder. And is this not the greatest dream of any diplomat? Myself included....

[Dimov] Let us continue the Asian theme. I was recently in Pakistan. My impressions of the trip are the subject of a separate discussion. What does cooperation with this country look like from the windows of your office?

[Tokayev] This country's authority in the Muslim world is quite high, and if only for this reason we treat it with respect. The economies of the two countries are mutually complementary, and this is a hopeful sign. I have had meetings with Pakistani diplomats and businessmen, and they evaluate the process of the rapprochement of the two countries positively, on the whole.

True, there is sometimes talk to the effect that Asian business, Pakistani included, is extremely slow and indecisive. Particularly when it is a question of large investments. Well, let us not overlook the psychological factor: Asians are trading people first and foremost. Measure not seven but 77 times before cutting.

Note the Japanese. No mass penetration of the Japanese market has be observed as of yet. And there is, in addition, the concept of "investment climate." I cannot yet say that it is any too auspicious. Yes, a new, more liberal, law on foreign investments has been adopted.

When it is operating in full, much will change for the better.

[Dimov] And in conclusion, Kasymzhomart Kemelevich, could you give us a little more detail on the channel in which our relations with America are moving?

[Tokayev] Perhaps I will disappoint you: They will be less than sensational. A great deal of, perhaps, routine work lies ahead. We concluded that both parties should meet three or four times a year, whether in Washington or Almaty, Tengiz or Boston, is immaterial. And the level of the delegations should be quite high, what is more: They should be headed by the premier, vice premier, or leading ministers. To be specific: First Deputy Premier Vitaliy Mette and Deputy Premier Viktor Sobolev will be visiting this year. That is, relations will develop along different lines, and what is most important, continuously. This is one of the important agreements reached in the United States.

Ethnosociology, Migration Factors Examined

954F2409A Almaty NOVOYE POKOLENIYE in Russian 26 May 95 p 7

[Part two of article by Berik Abdygaliyev, political scientist: "Kazakhstan and the Kazakhstan People in the Russian Mass Media"; see 954f2340a NOVOYE POKOLENIYE in Russian 19 May 1995 p 3 for first part of article]

[FBIS Translated Text]

Ethnosocial Structure

The above-mentioned V. Lafitskiy also believes that a policy of ethnic stratification is being conducted in Kazakhstan, that a personnel cleansing is taking place based on nationality and language.

First of all, Article 1 of the Republic of Kazakhstan Constitution prohibits any form of discrimination against citizens.

Secondly, an analysis of data from the republic's State Committee on Statistics on the numerical strength of individual ethnic groups by sector of the economy reveals the following picture with respect to the cross-section of Kazakhs and Russians: There are more Russians than Kazakhs in industry by a factor of 2.34, in information and computer science—by a factor of 2.06, in construction—by 1.97, in housing and municipal services—by 1.9, in communications—by 1.7, in transportation—by 1.6, in consumer services—by 1.59, in management—by 1.58, and in material-technical supply—by 1.56.

Sociological studies conducted at enterprises in Almaty show that the proportion of Russian workers is 58.8 percent, of Kazakh workers—21.3 percent. Some 67 percent of engineering and technical personnel and office workers are Russian, 14.3 percent—Kazakhs. Among chief specialists, Russians account for 68.1 percent, Kazakhs—15.1 percent. Among top leaders and managers, Russians comprise 59.9 percent, Kazakhs—18 percent. Among foremen, Russians constitute 63.3 percent, Kazakhs—13.7 percent. Among master craftsmen, Russians account for 65.9 percent, Kazakhs—16.9 percent.

As compared with other ethnic groups that predominate in the urbanized, industrialized spheres of the republic's social structure, Kazakhs are predominant mainly in public education, health care, and agriculture. They are the most backward when it comes to provision with technical equipment and social position. According to data from the State Committee on Statistics, Kazakhs comprise 48 percent of personnel in the organs of state government. There is no discrimination here with respect to other ethnic groups.

Article 114 of the Republic of Kazakhstan Constitution, making it mandatory for the republic president to have mastery of the state language, is discriminatory against citizens who have not mastered it, in the view of V. Lafitskiy.

But such an assertion is not in conformance with the norms of international law. The fact of the matter is that in prohibiting discrimination based on language, international documents and the laws of Kazakhstan are meant to prohibit any kind of discrimination directed against citizens by virtue of their native language. But the requirement dealing with mastery of a certain language in order to occupy a certain position, especially a position involving communication and contacts in various languages, cannot be considered discrimination. It is rather an occupational requirement and in no way "deprives representatives of the nontitular population of the right to be elected to the office of head of state."

Article 17 of the Republic of Kazakhstan Constitution states that "citizens of the republic have equal right of access to state service. The requirements demanded of a candidate for a civil service position proceed solely from the nature of the particular position responsibilities."

In citing Articles, 55, 56, and 58 of the Republic of Kazakhstan Constitution, which prohibit the establishment of illegal paramilitary formations, and secret societies, organizations, and parties on the basis of religion, V. Lafitskiy also reaches the irresponsible conclusion that "these restrictions apply only to ethnic and religious minorities."

In accordance with Article 1 of the Republic of Kazakhstan Constitution and enactments of international law recognized by Kazakhstan, all republic citizens are equal before the law. The above-mentioned restrictions are being applied in accordance with Article 22 of the International Pact on Civil and Political Rights and Article 2 of the Republic of Kazakhstan Constitution, "with the aim of guaranteeing the rights and freedoms of other persons, ensuring public safety, and safeguarding the constitutional system. In this regard, the essence of constitutional rights and freedoms must not be disturbed." Therefore, Articles 55, 56, and 58 of the Republic of Kazakhstan Constitution, which V. Lafitskiy asserts impart "an ethnocratic nature to the statehood" of Kazakhstan, do not contradict the basic norms of international law.

According to 1994 data from the State Committee on Languages, of 55,008 state organizations in the republic, only 16.6 percent carry on their administrative work in the Kazakh and Russian languages, while 70.3 percent do so in the Russian language. Of 223 rayons in the republic, the office work in 131 is carried out in only one language—Russian. In Kostanay, Akmola, and North Kazakhstan Oblasts, the number of institutions conducting office work in Kazakh and Russian is no more than 10.

Migration

The high rate of egress of Russians out of Kazakhstan continues to constitute a serious migration problem. The main reason for forced departures, in the opinion of the Russian press, is the fact that the Russian language lacks state status and Russians do not have the right to dual citizenship (ARGUMENTY I FAKTY, No. 45, 1994, NEZAVISIMAYA GAZETA, 1 December 1994).

According to data of the State Committee on Statistics, the trend towards intensified departure of the population from the republic became more pronounced during the first half of 1994. Some 151,200 individuals left the republic for the Russian Federation (91.6 percent of the total number leaving for countries of the near abroad), of which 74.4 percent were Russians, 2.4 percent—Kazakhs, and 4.0 percent—Germans. The influx of immigrants into Kazakhstan continues to decrease. During the first half of 1994, people entered the republic chiefly from Russia (63.8 percent), Uzbekistan (13.9 percent), Kyrgyzstan (7.6 percent), and Ukraine (5.9 percent). This accounts for 91 percent of all the people entering Kazakhstan. Of the immigrants coming from Russia, more than half (57.6 percent) were Russians, 19.8 percent—Kazakhs, and 4.9 percent—Germans. Almost half the people coming from Kyrgyzstan and Ukraine were Russians (45.4 and 49.1 percent, respectively).

A questionnaire survey of 5,700 people leaving the republic, conducted by the Republic of Kazakhstan State Committee on Statistics and Analysis, shows that the main reasons for departure in 1994 were problems of an economic nature, specifically, the rapid growth of prices, high cost of living—45.9 percent, wage dissatisfaction—34.6 percent, and poor level of provision with foodstuffs and industrial products—19.7 percent. Other reasons include the lack of job prospects (16.2 percent), problems in finding a job (11.9 percent), and dissatisfaction with housing conditions (11.3 percent). About 80 percent of the respondents left Kazakhstan with a feeling of regret and gratitude for their years of residence in the republic. Had certain conditions been present, namely—a stabilized economy and stable income at an adequate level, they would not have left.

The main reason for the intensified migration of Russians from Kazakhstan is not only the deteriorated economic state of the republic, but existing sociopsychological alignments and stereotypes as well. With the collapse of the USSR, Russians lost their status as "older brother." This gave them a sense of being second-rate citizens and the feeling that they lack prospects. Certain publications in both the Russian and Kazakh mass media have also contributed towards this, imparting to Kazakhstan a "Yugoslav," "Karabakh," "Dniester," or "Tajik" scenario of the development of events. This has instilled in people a fear of possible conflict and confrontation on an interethnic basis which, in turn, becomes the reason for migration to other states.

In this regard, in my view, the Russian mass media have been intentionally conducting a policy of conflict provocation, with the aim of destabilizing Kazakhstan's internal situation (which influences international relations as well—Western powers might turn away from Kazakhstan and Russia will augment its influence).

"Divide and Conquer"

Analysis of the policy in question enables us to acquire a fuller understanding of the reasons behind the emergence of both inter- and intra-ethnic tension in Kazakhstan. This permits us to effect a more thoughtful approach to the question of correlation between external and internal causes of conflict and to the identification of real and far-fetched causes.

In my view, two groups stand behind the authors of published materials that provoke conflict. These constitute certain political forces of Russia (national-communists, neo-imperial forces) and Kazakhstan (pro-Russian, local chauvinistic and nationalist opposition forces).

The policy of conflict exhibited by the Russian groups is aimed at attaining maximum satisfaction of their objectives and interests during the course of such conflicts and attempts to regulate them. The specific tasks of this policy consist of efforts to intensify the crisis and drive its participants toward mutual conflict.

They are counting on the exacerbation of inter- and intra-ethnic tension so as to compel Kazakhstan to appeal to Russia for intermediary assistance, in which regard they are attempting to present Russia as the guarantor of democratic development.

We must assume that the authors of the policy of conflict provocation are pursuing two initial scenarios. The first is the Tajik variant, which presupposes support from pro-Russia forces with the aim of consolidating forces dependent on Russia in positions of power. The second is the Moldovan variant, where separatist and irredentist dispositions are supported and strengthened with the aim of creating an autonomous Slavic republic with Russia as protector.

The political groups of Kazakhstan which provoke conflict are pursuing several objectives. Firstly, they are attempting to alter the political situation in the republic by discrediting the republic leadership. Secondly, they are trying to exert a unique kind of pressure on the government with assistance from a third party. Thirdly, they intend to use a provoked conflict to win points and "make" authority for themselves (possibly with support from groups in Russia).

The groups that are engaged in stirring up conflict do not miss the slightest opportunity to provoke both inter- and intra-ethnic confrontation. Any processes that would stabilize interethnic relations in Kazakhstan come under direct fire from made-to-order Russian journalists and political scientists, who see only anti-Russian and anti-Russia motives here.

The concept of the Eurasian Union, proposed by the president of Kazakhstan, became just such a target. Shutting their eyes to aspects of the Eurasian Union concept strategically significant to all the CIS states, they view this only as "the egoism of ethnocratic elites," "an orientation on creating conditions optimally favorable for the development of Kazakhstan" (SEGODNYA, 26 August 1994). Of course, we do not deny that the concept of the Eurasian Union is advantageous to Kazakhstan, but neither can we deny that the Eurasian Union is equally advantageous to the other CIS states, Russia primarily. The concept of reintegration of the CIS states on a basis of parity is not the whim of politicians, but a matter of top-priority necessity. It is extremely important today for all thinking individuals to discard their interests of the moment, to overcome their personal biases and ambitions, and to unite with the aim of averting post-Soviet chaos and conflict in the territory of the former USSR.

They also use the transfer of the capital as a means of stirring up interethnic confrontation, portraying it as an attempt to "Kazakh-ize" northern regions with the aim of preventing "reunification" of the northern oblasts ("primordial Russian lands") with Russia, lands "which were administratively joined by Moscow to the Kazakh SSR" and "were situated within Kazakhstan's boundaries after the collapse of the USSR" (SEGODNYA, 26 August 1994). Here they are silent with respect to geopolitical, economic, and ecological reasons.

For those groups engaged in stirring up conflict, the idea of transferring the capital became a convenient element for provoking conflict between Russians and Kazakhs. Actively promoting the fictitious anti-Russian motives behind this act, they predict that transfer of the capital might supposedly "result in the expulsion of 'certain citizens' from the republic" (IZVESTIYA, July 1994). In this manner, they intensify anti-Kazakh sentiment among Russians, a prospect fraught with unforeseen consequences for all the citizens of Kazakhstan. Or take, for example, the appeal published in RUSSKIY VESTNIK (Nos. 21-26, 1994)—"We Must Not Permit the Murder of a Cossack!"—which calls openly for civil war. I quote: "Preparation is being made in Kazakhstan for the murder of another Cossack ataman of the Pavlodar division of the Siberian Cossack Army of Mikheyev." "The persecution of Cossacks and Russian patriots, objectionable to the ethnocratic regime today existing in Kazakhstan, has become standard for the so-called 'law-upholding' activity of the Kazakh authority." "They are preparing to kill him! We must not allow the murder of a Cossack, a Russian patriot! Shame on the ethnocratic regime of Kazakhstan!"

In addition to this, RUSSKIY VESTNIK published an article (No. 1, 1995) under the rubric "Genocide" entitled "Crimes Against Russians in Kazakhstan." The article attempts to present certain acts of hooliganism as evidence of interethnic conflict. A similar exposition appears in the article "Kazakhstan Is Becoming Kazakh" (ARGUMENTY I FAKTY, No. 45, 1994).

In accordance with Article 1 of the Republic of Kazakhstan Constitution, "citizens of the Republic of Kazakhstan are guaranteed equality of rights and freedoms regardless of race, nationality, sex, language, social or property status, official position, social origin, place of residence, attitude towards religion, personal convictions, membership in social organizations, or criminal record."

All forms of discrimination among citizens are prohibited. Does this mean that there is no discrimination in Kazakhstan? Yes it does. There is no discrimination in Kazakhstan, although there are individual violations of the law we all have to struggle with. This is also one of the main tasks being accomplished by the "Law and Order" program being carried out in the republic.

The Russian press is also actively conducting a policy of family-tribal segregation, which in turn provokes intraethnic confrontation. It is especially emphasized in this regard that N. Nazarbayev comes from the Shaprashty family (ROSSIYA, 14 September 1994) and expresses the will of the Senior Zhuz [group of Kazakh families and tribes] (NEZAVISIMAYA GAZETA, 7 July 1994). In this manner, there exists the supposed "threat that elites of the Middle and Junior Zhuz's will be shoved aside from power," and O. Suleymenov is presented as a fighter for the interests of the Middle Zhuz (NEZAVISIMAYA GAZETA, 7 July 1994). Continuing this idea, D. Trofimov notes in his work "Central Asia—Problems of Ethnic and Religious Development" (Moscow State Institute for International Relations) that there exists among Kazakhs a family-tribal stratification, and that "the opposition party (to date not registered) Alash is a political grouping of the Middle Zhuz." In the abovementioned work, D. Trofimov identifies "several sources of formation....of the Kazakh ruling elite": 1) descendants of the founders of socialist Kazakhstan (the Zhandosovy, Ryskulovy, and others); 2) cultural and scientific figures (primarily representatives of the Middle Zhuz, as well as the children of a number of Bolshevik academicians who are descendants of all three zhuz's); 3) the so-called "white stock," or Chingizids, most of whom are descendants of Kenesary (many joining the scientific elite). In addition, he predicts "the possibility of the organization of paramilitary formations (from among former Afghanistan veterans) on a family-tribal basis, thanks in part to the virtually unrestricted regime of sales and purchases of weapons that exists."

Transfer of the capital to Akmola is also being used to incite family-tribal conflicts. They note in this regard that "the dislocation of republic organs to within boundaries of the Middle Zhuz threatens to gradually weaken the position of southern Kazakhs and intensify the activity of northern Kazakhs" (IZVESTIYA, July 1994).

Of course, we do not deny the existence of family-tribal stereotypes among Kazakhs. Such stereotypes exist today among the French, Germans, and many other developed peoples of the world. But they are not politicized, and as with the French and Germans, etc., they always present themselves as a unified people to the outside world.

Worsening Children's Health Status Viewed

95WN0176A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 31 May 95 p 2

[Article by Natalya Todorova, KAZAKHSTANSKAYA PRAVDA: "Whom Do You Thank For a Sick Child?"]

[FBIS Translated Text] There are twice as many doctors per capita in Kazakhstan as there are in Japan and 1.5 times more than in the United States. In times past this fact was sufficient to speak of the "outstanding" successes of our medicine. But other indicators are no longer kept secret from the public today: The birth rate has dropped from 24.6 per thousand residents in 1988 to 18.3 in 1994. The steadily decreasing average life span and the growing death rate (during the past five years from 7.7 to 9.5 per 1,000 residents) make it possible to speak of an unprecedented decline of the rates of natural growth of the population.

Those who attended the seminar entitled "Crucial Problems in Pediatrics," practicing physicians from all regions of the republic, were interested, naturally, in the problem of children's health that is to be found in this gloomy statistic.

Alas, there was nothing to grasp on to. The deterioration of people's lives, the reduction of state expenditures on public health, the social vulnerability of families with children, the outflow of skilled physicians from the branch—all this had an effect in the "final analysis": on the health of the mothers and children. In 1994 306,607 children were born in Kazakhstan, which is 18.3 per 1,000 population. The level of infant mortality was at the level of the same control figure of 26.8. About 15 percent of the newborns were ill. Diseases of the bronchio-pulmonary and cardiovascular systems and the gastrointestinal tract are widespread among children. The proportion of oncological pathology, diseases of the liver, kidneys, and hemogenic and endocrine organs, viral hepatitis, and tuberculosis is growing. Up to 3,500 children are born with congenital heart defects each year.

The prognosis is getting worse with respect to measles and other childhood infectious diseases, and cases of diphtheria have begun to appear 1.5 times more frequently. Up to 3,200 cases of brucellosis are reported in the republic each year, and 10 percent of them are in children.

In the 54 rayons of the republic where mainly indigenous population reside there are up to 400 and more patients with an active form of tuberculosis per 100,000 population. In the civilized world, as a rule, elderly people are susceptible to the Koch bacillus, but here two-thirds of those infected are in the age group from seven to 30.

Having informed the audience of this and other no less terrible statistics, the director of the Kazakh Scientific Research Institute of Pediatrics, Academician of the National Academy of Sciences of the Republic of Kazakhstan, Professor Kamal Ormantayev drew a bitter conclusion:

"There is every reason to believe that the negative tendency in the health indicators for children will lead to irreparable harm to people's health in the near future!"

It is difficult if not impossible to be born and to grow up healthy in an unhealthful, sick world that is ridden with radiation, heavy metal salts, and other technologically generated discharges. But it is precisely this habitat that the last generation, having "subdued" nature with its own unreasonable power, has left to our children. Even with their mother's milk they take in the killer-metallic salts, they breathe air that is thick with smog, and they drink water poisoned with radionuclides. And the circumstance that God has spared the Kazakh land a Chernobyl does not diminish the danger. Ecologist Oleg Loginov calls Ust-Kamenogorsk, where he lives with his family, a "quiet Chernobyl." And he is right. In terms of the index of total pollution of the atmosphere, the oblast center of East Kazakhstan took over third place among the 60 most polluted cities of the former Union.

To have five to 10 times the maximum permissible concentration of lead in the city is nothing unusual for the people of Ust-Kamenogorsk. The berillium, thallium, mercury, cadmium, niobium, antimony, and arsenic discovered in the bodies of water are nothing new either. And here is the result:

"The oblast has a high rate of infant mortality and birth defects," says the head pediatrician of the East Kazakhstan public health administration, A. Kusanova. "Up to 75.2 percent of all births occur with pathology, and the number of children born with chronic diseases of the lungs, kidneys, and respiratory organs has increased two- to fourfold. The incidence of childhood infections, including acute intestinal infections, is increasing. There are many allergic diseases and we are unable to inoculate a considerable number of youngsters because of medical counterindications: Neurological illnesses are being reported at the level of 73 percent, and anemia—8 percent. And it is these forms of pathology that are linked with a high degree of probability to the effects of toxic elements. Salts of heavy metals are found in the mothers' milk, urine, and blood."

If children of East Kazakhstan are suffocating from environmental pollution, what about those in Semipalatinsk and Aralsk whose native land has officially—here one cannot close one's eyes or remain silent—been called an ecological disaster zone?

In the village of Kaynar, the center of Arbalinskiy Rayon, which suffered most from the nuclear explosions at the Semipalatinsk proving ground, among the 3,400 children residing there, 140 have been disabled since infancy. Having examined 600 youngsters in this rayon, said the deputy chief of the oblast public health administration, V. Kozhanov, we did not find one healthy child! Some 60 percent of the children had arterial hypertension, which is accompanied by heart and head pain, paresthesia of the extremities, sleep disturbances, and depression—the same symptoms that were found in the people of Chernobyl.

Newborns have a high incidence of birth defects, and first among them are those related to the impact of radiation: microcephaly, hydrocephaly, and oligophrenia. The incidence of still births in the oblast is 1.1 per thousand, as against 0.8 which is average for the republic. And all the indicators of the health of the Semipalatinsk children are much worse than those of their contemporaries from other regions, who, as it turns out, are not in such good health either.

The children of the Aral region have their own "selection" of diseases. The Urpak national children's rehabilitation center, having examined thousands of children from this region, discovered damage of almost all the organism's life support systems. And even some kinds that are absolutely not typical of a young age: deforming bronchitis, for example, atrophic gastritis, and kidney stones in children six and seven years of age. Selective examinations conducted by the Scientific Center for Regional Problems of the National Academy of Sciences showed that in samples of breast milk of women here there is the entire gamut of pesticides, its chemical composition has been disturbed, and its biological value is low. And where can the healing properties of mother's milk come from when every second mother in the Aral region has a vitamin deficiency, almost half of them are clearly underweight, and almost 100 percent of the pregnant women have iron deficiency anemia.

The younger generation of the Pavlodar Irtysh area, which borders on Semipalatinsk, and the children of the south of Kazakhstan are not in the best of health either. For every resident of Shymkent during the period from 1985 through 1990, for example, there were 55 kilograms of harmful discharges! It is extremely difficult for the child's untempered organism to grow under such a "burden."

The pediatricians stated that the children's nutrition industry had not been organized in the republic. The director of the Scientific Center for Regional Problems of Nutrition of the National Academy of Sciences of the Republic of Kazakhstan, Academician T. Sharmanov, places an equal sign between these two factors—food and health.

There is a sad conclusion—children who do not receive adequate nutrition in their first five years suffer in their development. They must be protected if we are to protect the gene pool.

Nutrition is a key issue in improving the health of the population of Kazakhstan, the academician thinks, and he proposes adopting a national nutrition program which would determine the priorities in the development of the food industry and would adopt a complex of measures for protection of the most vulnerable groups—children and women; taking into account the national peculiarities and recommendations from international public health organizations, it would develop reasonable food rations for the people of Kazakhstan and would conduct scientific research on medical-biological problems of nutrition.

But so far the realities of the present day are such that families eat mainly bread and potatoes—the level of consumption of these has risen sharply in recent years. Meat, milk, vegetables, fish, eggs, and other food products which give "nourishment" to the cells of the child's organism have been sharply reduced in the family menu.

The condition of the republic's pediatric service is such that simply nothing is being done about preventive work with children. And this is a "disease" of all of today's public health. The healthy child clinics in children's polyclinics that were once popular among young mothers have been closed down—there is no demand for them. The majority of young mothers have stopped seeing the visiting nurses. The child is frequently raised according to the intuition and advice of those who like to give it without being responsible for the consequences.

"The fashion of health, the cult of health beginning in childhood—that which is instilled in Americans, for example, from the time they are in diapers—has not reached us yet," thinks the head pediatrician of the Republic of Kazakhstan, S. Ayupova. "On the scale of life's values among school children in the United States, health is in first place. Among our children, the highest value is to acquire fashionable clothing, video equipment, etc. Until we instill in each individual the conviction that he must protect and strengthen his own health—beginning in childhood!—we will not achieved the desired result in the protection and strengthening of the health of the younger generation."

....What words of gratitude will our children and grandchildren have for us in a decade or so? Will they reproach us for the fact that they were unable to grow up healthy because they were not taught to do so?...

Kyrgyzstan

Transport Infrastructure To Be Developed in Asia

LD0506162795 Bishkek SLOVOO KYRGYZSTANA in Russian 1 Jun 95 p 1

[FBIS Translated Text] The UN Economic and Social Commission for Asia and the Pacific (ESCAP) has included Kyrgyzstan in another international program.

ESCAP aims to help develop the road and rail transport infrastructure in Asia. The implementation of the following most important drafts has been proposed in its framework: Putting into operation the northern radials of the trans-Asian railway, which connects northeast Asia and Europe; research into transport corridors between Central Asia and Europe; and the elaboration of a database for Asian roads and trans-Asian railways and so on.

Promoting actively the establishment of economies in the countries of the region, ESCAP is planning to draw about $1.5 trillion during the period 1993-2000 for these purposes, with $500 billion being allotted by international donors. All of these resources — part of which will be allocated to Kyrgyzstan — will be spent on the development of road and rail transport, communications, the power industry and water supplies, as well as urban and rural improvement.

Chinese Nuclear Tests Said Affecting Border Regions

LD0506215195 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 5 Jun 95

[From the "Vremya" newscast]

[FBIS Translated Text] Twice a year Kyrgyzstan shakes from a nuclear explosion at the Chinese test range Lobnor, which is situated dangerously close to the Naryn and Issyk- Kul Regions. It has been noted that tests have been carried out when the wind from the Taklimakan Shamo desert, where the test range is situated, is blowing toward Kyrgyzstan and Kazakhstan, rather than toward the interior of China.

Ecologists in Kazakhstan have been warning about it for a long time. Last year, experts from Bishkek joined them and set up an anti-nuclear movement: Lobnor.

After the latest explosion of 40 kilotons magnitude, which was carried out in May, after the New York conference where the official Beijing signed the Treaty on Nonproliferation of Nuclear Weapons, even the republican Ministry of Foreign Affairs and members of the parliament joined members of Kyrgyz social movements in the protest.

The national Academy of Sciences has organized an international expedition to the border regions. Earlier research carried out with the participation of experts from Moscow, St. Petersburg, and Almaty has shown that after explosions in Lobnor, background radiation increases here by 40 percent and stays at this level for more than a month.

Ecologists are concerned by the threat of pollution of Tyan-Shan glaciers and snow mountains that feed the Syr-Darya river basin.

Akayev Proposes Bond Issue To Fund Pensions

LD0506113995 Bishkek VECHERNIY BISHKEK in Russian 2 Jun 95 p 1

[FBIS Translated Text] On 1 June, President Askar Akayev made some suggestions in a speech in parliament. The country's population will probably not like some of them.

The president said that the state currently owed its citizens about 400 million soms in unpaid pensions, benefits, compensation, and wages. Akayev declared that the time had come for the government to tell the people the truth: The state is not able to find the required amount, and it will not pay its bill.

The way out is in the following: Bonds should be issued with a one-year expiry term, from 1 July 1995 to 1 July 1996. Then the government should redeem the population's bonds, taking into account the rate of inflation.

It was not specified what would serve as a guarantee for the bonds. In its time, the Soviet government issued them on its gold reserves. Many Kyrgyz people still have bonds—now as historical documents.

The president said that the situation could get out of control if the government could not achieve financial stability soon. Fiscal agencies are currently collecting only 60 percent of taxes. If this figure is not increased to 75 percent, then the shortfall will be more than 1 billion soms by the end of the year, and the budget deficit will jump to over 3 billion.

We democrats have made all the laws liberal, Akayev said. The time has come to introduce iron discipline and to toughen up the sanctions against heads of enterprises who do not observe the laws.

Armenia

Bagratyan Receives Iranian Deputy Foreign Minister

NC0506195295 Yerevan NOYAN TAPAN in English 1221 GMT 5 Jun 95

[FBIS Transcribed Text] 05/06/95 NOYAN TAPAN — On June 2, the Armenian Prime Minister Grant Bagratyan received the Deputy Foreign Minister of Islamic Republic of Iran Mahmud Va'ezi, the head of the Iranian delegation at the trilateral negotiations between Armenia, Iran and Turkmenistan held in Yerevan. The sides pointed out the importance of negotiations for providing trade and economic relations between the three countries.

Touching upon the issue of Armenian-Iranian relations and the Armenian Prime Minister's visit to Iran, Va'ezi pointed out that his country positively estimated the visit as regards to the importance of the signed documents and its effect on the public opinion. A certain interest towards possible investments into the Armenian economy is observed in the business circles of Iran. "We are gradually implementing the agreements we has already reached," the Iranian Deputy Foreign Minister stated. One of these agreements concerns the condensed gas and the deliveries will start no later than in a fortnight.

The issue connected with elaboration of new bilateral documents (in particular, in the sphere of transportation and communication) was also raised during the meeting. It was emphasized that the Armenian-Iranian relations has transited to a new stage.

Va'ezi on Condensed Gas Deliveries

NC0506201095 Yerevan NOYAN TAPAN in English 1221 GMT 5 Jun 95

[FBIS Transcribed Text] 05/06/95 NOYAN TAPAN — "In a fortnight the Republic of Armenia will start receiving condensed gas from the Islamic Republic of Iran". This was reported by Deputy Foreign Minister of Iran Mahmud Va'ezi. He pointed out that it was the realization of the agreement signed by the Armenian Prime Minister Grant Bagratyan during his visit to Iran. Va'ezi emphasized that, according to the above-mentioned agreement, Iran would regularly deliver condensed gas to Armenia in the course of 5 years. He assured that "Iran is not in the habit of repealing its agreements."

Deputy Foreign Minister of Iran especially pointed out 4 other agreements signed during Grant Bagratyan's visit to Iran (the construction of a Hydro Power Station on the river of Arax, deliveries of electric power, construction of a gas pipe line from Iran to Armenia and establishment of a firm, coordinating the work at the section of a highway Meghri-Yerevan. He noted that all that could play an important role in economic cooperation and reinforcement of relations between the two countries. "And these relations are perfect today because both leaderships have found a right way for cooperation," Mahmud Va'ezi said.

Va'ezi 'Content' With Trilateral Meeting

NC0506204695 Yerevan NOYAN TAPAN in English 1402 GMT 5 Jun 95

[FBIS Transcribed Text] 05/06/95 NOYAN TAPAN — "The Iranian delegation is content with results of the Yerevan trilateral meeting between Armenia, Iran and Turkmenistan", Iranian Foreign Minister Mahmud Va'ezi stated at the June 3 press conference, which took place at the Iranian Embassy to Armenia.

Va'ezi pointed out that all the agreements which were reached at the Tehran trilateral negotiations at the level of Foreign Ministers were summarized and confirmed. "The first steps have been already made and the stage of realization of all these agreement has initiated," Va'ezi said.

Deputy Foreign Minister of Iran reported that, taking into account the high level of diplomatic relations between Armenia and Iran, the Yerevan meeting yielded an agreement on visas. This agreement is be signed by Foreign Ministers of both countries in June. The agreement will facilitate the cooperation of businessmen of Iran and Armenia. It enables the citizens of both countries to obtain entrance visas during 48 hours.

Va'ezi especially emphasized the importance of treaties connected with the sphere of culture which, according to him, will reinforce the existing cultural cooperation between the two countries. According to Va'ezi, it is envisaged to hold a week of Iranian culture in Armenia and then a week of Armenian culture in Iran. He reported that like there are Departments of Persian Language and Literature at the Armenian Universities a Department of Armenian Language exists in the Iranian city Isfahan. These two universities plan to cooperate with each other following the principle of teacher and student exchange.

Va'ezi reported that, in compliance with an agreement reached in the sphere of transportation, through the efforts of the three sides an organization, coordinating the operation of the transport communication Turkmenistan-Armenia-Iran will be established.

Papazyan: Turkey 'Must Show Initiative' on Ties

LD0506143495 Moscow ITAR-TASS in English 1304 GMT 5 Jun 95

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN June 5 (ITAR-TASS) — Armenia has taken all possible steps to normalise relations with neighbouring Turkey, Armenian Foreign Minister Vagan Papazyan said here on Monday [5 June]. There are no and cannot be any new steps on the part of Yerevan, he emphasised in an ITAR-TASS interview.

If Turkey is interested in establishing normal relations with Armenia, it must show initiative in this respect, the Minister said.

Papazyan recalled that one of main basic orientations of Armenia's foreign policy is to establish normal relations with neighbouring countries and that Yerevan does everything possible to develop such a goodneighbourliness.

The Minister's view is that this has been done in relations with Georgia and Iran. The Nagorno-Karabakh problem hinders the establishment of any relations between Armenia and Baku.

Touching upon the Commonwealth of Independent States (CIS), the Armenian foreign minister pointed out that its emergence was a vital necessity for republics of the disintegrated Soviet Union. There was no alternative for them to have any other collective security system.

The establishment of the CIS was also prompted by economic cooperation matters. To what extent economic integration has been successful is another question. The CIS will have a bright future if economic relationships between member-countries are of those of equal partnership. If there is no equitable economic partnership, the CIS would not be able to continue to exist, Papazyan said.

Yugoslav Foreign Minister Signs Agreements

NC0506115895 Yerevan SNARK in English 0933 GMT 5 Jun 95

[FBIS Transcribed Text] Yerevan, 5 June (SNARK) — The [Foreign] Ministers of Armenia and the Republic of Yugoslavia Vahram Papazyan and Vladislav Jovanovich declared at a press conference yesterday in Yerevan that they have signed a set of contracts for cooperation. The questions of soon opening embassies in Yerevan and Belgrade were negotiated as well as their perspectives of interacting in the fields of economy, science and transportation. They decided to create joint commissions for future programs. The sides have confirmed their support of maintaining peace and stability, drafted out a program to discuss foreign affairs together. The Ministers stressed the necessity of a political settlement of the situation in Yugoslavia and NKR [Nagorno-Karabakh republic] and decided to take preventative measures to ease tension in both conflicts.

Papazyan Voices Opinion on Viability of CIS

NC0506204895 Yerevan NOYAN TAPAN in English 1448 GMT 5 Jun 95

[FBIS Transcribed Text] 05/06/95 NOYAN TAPAN — According to Armenian Foreign Minister Vahan Papazyan, after break-up of the USSR the establishment of CIS was necessary as there was no other security system for the republics. All the republics reached a conclusion that it was necessary to deepen the economic cooperation.

According to him, if the economic relations in the CIS countries are equal, we can say that "there is a future for the CIS, if not - I do not think that CIS can exist in current shape", Armenian Foreign Minister said.

Vartanyan on Diaspora Impact in Moscow

954F2423A Yerevan VREMYA in Russian 24 May 95 p 3

[Interview with Arkadiy Vartanyan, head of the Center for Russian-Armenian Initiatives, by Lyusik Gukasyan; place and date not given: "Arkadiy Vartanyan: 'The National Destiny Comes Before Politics'"]

[FBIS Translated Text] One of the phenomena of the 2 million- strong Armenian diaspora in Russia has been the fact that, without yet having managed to take shape in properly organized fashion, in a very short period of time, it has managed to achieve what generations of Armenians living in various countries of the world have dreamed of—unanimous censure by the parliamentarians of Russia for the 1915-1922 genocide of the Armenian people. And this has become possible not for lack of a Turkish lobby in the State Duma (incidentally, full reconstruction of the building in which the Duma is located was completed not so long ago by Turkish construction companies), but thanks to the perhaps not always noticeable, the not "flashy" patriotic activity of people like the 45-year-old entrepreneur and patron of the arts, Arkadiy Vartanyan.

His "empire"—the office of the Imperial firm; the Silver Age, a fashionable restaurant; and the Arkadiya Tavern—is located two steps away from Red Square. And it has already been several months now that business and politics have been getting along fully successfully within it—since the end of last year, the Center for Russian-Armenian Initiatives, headed by Arkadiy Vartanyan, has been situated in this same place.

[Gukasyan] Mr. Vartanyan, the 80th anniversary of the genocide was marked in Moscow this year in unprecedentedly organized fashion. It is known that the Center for Russian-Armenian Initiatives took the most active part in the preparation and conduct of the events.

[Vartanyan] First of all, I would like to note that we derived a special satisfaction from the fact that the Russian Duma made a decision in conformity with justice and the realities of life. It very clearly and correctly assessed what happened 80 years ago, and we believe—not, I think, without grounds—that this will begin more active work by Russia, which will be directed at the fair and definitive resolution of the Armenian question. It is completely obvious that the Armenian question has not been taken off the agenda of world politics, for it has not been resolved. Proceeding from the fact that sooner or later this must happen, we are exerting every effort so that it should be resolved in accordance with the interests of our people.

As far as the events dedicated to the 80th anniversary of the genocide are directly concerned, our center, of course, did take the most active part in their preparation. In particular, joining with a number of communal Armenian structures and public organizations (both in Moscow and in Russia as a whole), and also—and I note this with satisfaction—with our embassy in Moscow, we participated in the conduct of a mourning rally in the capital's Armenian cemetery, and then in a protest rally in front of the Turkish Embassy. And on the 24th, on Monday, through the joint efforts of all the above-mentioned organizations, a memorial evening for the victims of the genocide was held in the facilities of the MKhAT [Moscow Artistic Academic Theater].

Through the efforts of our center, it was possible to shoot a fairly interesting and impressive program, about 30-40 minutes long, the result of a trip by a special film crew to Armenia and Artsakh, and also of its work in Moscow. Included in the program are not only documentary fragments, but also the life of today's Armenia and Artsakh, and also a number of commentaries by politicians, experts, and public figures. Also of no mean importance is the fact that it was shown on Ostankino's Channel One, which has an enormous viewership.

That was just the visible portion of what was done by us on the threshold of the 80th anniversary of the genocide.

[Gukasyan] Mr. Vartanyan, what else does the Center for Russian-Armenian Initiatives engage in? What goals does it set itself?

[Vartanyan] The center's main task is the raising of the Armenian voice in the Russian public field. Our activity is directed at its being heard by the world community as well. With this aim, we created our own print organ (more properly speaking, we joined with the newspaper ARMYANSKIY VESTNIK, which had been published in Moscow for several years already), which has been coming out for half a year already under the aegis of our center. Taking advantage of the fact that we had famous publicists, experts, political scientists, and analysts working in the center's secretariat, we fairly successfully activated our publicistic work on the pages of Russian newspapers.

Our center will do everything for the consolidation of the efforts not only of Armenian communities, but also of Armenian and non-Armenian public organizations interested in everything that is included in the sphere of economic and political problems resolved by us. Thus, we recently sponsored a discussion of the question of laying down a highway between North and South Ossetia; if this were put into operation, there would be a real possibility of joining Russia and Armenia with a transport artery, bypassing troubled Abkhazia. This question was examined back in Soviet times, but with the disintegration of the USSR and the emergence of ethno-religious, political, and other conflicts, it settled deep down to the bottom. Now we are attempting to haul it up from there, and have already achieved its discussion at the level of specialists and experts of the Russian Federation Security Council.

[Gukasyan] Doubtless, such active work by the center is accompanied by great expenditures. How is it being financed?

[Vartanyan] The center's work is at this point being financed only by the resources of the Imperial firm, which I head. But in the future, there will be replenishment, which will most likely be generated by private donations and injections by philanthropists, Armenian public organizations, and so on. We think that the very results of our activity today, which are not easily achieved—and first of all in the area of finances—will spur many people toward collaboration with us. Naturally, we also have economic projects, whose realization will make things easier for us, materially speaking. Nevertheless, today our main task is a social and political one—attracting attention to those questions about which I already spoke.

[Gukasyan] Frankly speaking, when I asked the preceding question, I knew that the center's activity is financed by you, Mr. Vartanyan. I would like to know what impels a person who has a flourishing business and a luxurious office in downtown Moscow to act in such a way. In a word, forgive me, but what do you need all this for?

[Vartanyan] It is possible that my answer will sound somewhat banal, but since it corresponds to the truth, it cannot sound otherwise. You know, man really does not live by bread alone. I think that no one, being an Armenian, can refrain from empathizing with what is happening with our people today. I can say that in general, Armenians have a deep-seated love for their Motherland and for their people, although this manifests itself differently in different people. The number of Armenians who are indifferent to their national affiliation is very meager. Maybe this really is one of the peculiarities of our national character—we are sentimental, we love our Motherland, and wherever we might be, we remember it with a quivering heart.

[Gukasyan] Mr. Vartanyan, as far as I know, 400 students at institutions of higher education in Armenia and Artsakh are receiving scholarships established by you. I know that there is also in operation a fund created by you for assistance to the families of pilots who have been killed. Probably, the assistance that you render to Armenia and Artsakh is not limited to these?

[Vartanyan] It is no secret that the vast majority of our countrymen in Armenia receive, in one form or another—whether as money or in products—help from their relatives who have moved beyond its borders. These are mainly people who work in Russia today. It is clear that this cannot continue indefinitely and become the people's way of existence. I think that such organizations as our center, as the Association of Armenian Communities of Russia, and other similar structures should facilitate the regulating of all this independent action. We are forging ahead, so far a little at a time, toward the resolution of this problem. In particular, we have organized, under our center, a fund for the assistance of talented children of Armenian extraction who live in Moscow today and who study at Moscow educational institutions. We virtually pay their parents for their residency here. Besides that, we render assistance to disabled military men who were wounded in Karabakh and are undergoing a course of treatment in Russia. We are also helping groups of children who are sent during the winter from Armenia to hostels here and sanatoriums in the Moscow suburbs.

[Gukasyan] In recent years, the Russian Armenian diaspora has been actively replenished with our compatriots who have been forced to leave Armenia. What is your attitude toward the situation that has taken shape with Russia's Armenian diaspora?

[Vartanyan] In the past two or three years, a frightening outflow of the population from Armenia has been taking place. There is even an extreme designation for this sad fact—"white genocide." The vast majority of those who are today leaving the country because they practically cannot exist in it settle in Russia. During this time, Russia's Armenian diaspora has increased by a factor of approximately 1.5. According to various assessments, 1.5-2 million Armenians live in Russia today. If things continue this way, their number here will exceed the population in Armenia itself.

The situation is fairly complex, and this is conditioned by complexities in Russia itself. It is burdened by a tangled clump of problems connected with ethnic and religious conflicts, and with the very difficult transition from, I would say, the idiocy of the planned economy to the common sense of the market economy that has been adopted in world practice. All of this leaves a certain stamp on attitudes toward our diaspora and is aggravated by the absence of a sufficiently clear legislative base for the treatment of citizens now of a foreign state. Although I must say that Russians' attitudes toward Armenians have lately been improving noticeably. For many Russians, the historic and cultural closeness of our peoples is becoming obvious, as well as the high degree of participation of representatives of our people in the development of Russian culture, in the emergence of its economy and politics today.

The tendency toward rapprochement of former Union republics that are now sovereign states, also inspires one with optimism. The realization that the economy and common political strategy must be advanced together is gradually capturing more and more minds at various levels of power. I myself am a proponent of broad and intensive integration, not only in the area of economics, but also in the political area, because I am convinced that the appearance of the multitude of sovereignties that were formed as a result of the disintegration of the USSR expressed itself in a positive way only in the satisfaction of the ambitions of these sovereignties. But as for their weight in the world on the economic and political planes, it is so scanty that it is even ridiculous to discuss.

Besides this, there is the danger of these newly formed countries being absorbed by much more powerful and settled blocs and states. And in this area, I attach great significance to Armenia's relations with Russia. Russia has for one reason or another erred more than once in failing adequately to assess the enormous, decisive significance that Armenia has for it in the area of geopolitical strategy. Such a probability is not excluded now, either. So we are trying to do everything possible to convince it of the extreme necessity of a close and permanent union. Without this, both Armenia and Russia lose out. And, in my view, Russia loses more.

Things have turned out historically so that we are a diaspora nation, dispersed throughout the world. Sooner or later, we will doubtless create our own strong statehood and will achieve a worthy existence. But Russia could find itself on the edge of catastrophe. How else can one evaluate the prospect of Russia's loss of status as a world power, capable of influencing the world political climate?

[Gukasyan] You said that we are a diaspora nation. And what is your attitude toward the Armenian diaspora?

[Vartanyan] There are, of course, clear, deeply outlined distinctions between the near diaspora and the far diaspora. But they are united by an estrangement from their historical Motherland. I think that, once this circumstance were removed, the potential of the diaspora could be exploited with great efficiency—both in the economy and in politics. Armenia must legislatively consolidate the levers—and if there are none, create them anew—that would allow for the attraction of the interest of entrepreneurs of Armenian extraction. If this is done, in the economic area we will win incommensurably. Everyone knows that our compatriots are in many countries, including in the most developed, occupying important positions in the business sphere. But we should not go around the world with outstretched hand, visiting them from time to time and asking for help. Having interested them, it is possible to get them to come themselves, and, having privileges as Armenian entrepreneurs, without the interference of the state (and in the big picture, the economy is generally not a state matter), to restore the country. I think that if we are to go this route, it will be possible in a fairly short time to set life right in Armenia—the smallest state on the territory of the CIS.

[Gukasyan] Mr. Vartanyan, what, in your view, is hindering the authorities of Armenia from realizing what you have been talking about? And what is your attitude, on the whole, toward the policy of the Armenian leadership?

[Vartanyan] I think that all of us should respect our state figures, our government, since we ourselves elected them. We should view them as the leaders of our nation and our state. I would not want now to make any critical remarks, of which I have an abundance, both as an entrepreneur and as a citizen. I will say only what is, in my view, the main thing. The destiny of a people includes certain matters and certain aspects that are objectively above politics. Whether we like this or not, they occupy a higher level than today's this-minute political interests. And if we try to set these matters in opposition to momentary interests, we risk ruining them entirely and finding ourselves in the company of peoples that have been forgotten by history.

With the number of issues that can and should guarantee the viability of our peoples' prospects and the preservation of our national worth, I class the issue of the genocide. Here I must say with all definitiveness that I absolutely do not share the point of view of our government and leadership generally, who believe that genocide is the prerogative of history, and not of politics. In declaring this, we forfeit the status of petitioner in world history and in international politics. But we are a petitioner, a very serious petitioner, the mere presence of which will allow for the condemnation genocide and the safeguarding of humanity from further manifestations of it.

President Scored Over Paper's Closure

954F2428A Yerevan GOLOS ARMENII in Russian 23 May 95 p 1

[ARMENPRESS report followed by comments by Flora Nakhshkaryan, GOLOS ARMENII editor in chief: "Implementation of the Decision—After the Elections; President of the Republic Intercedes for GOLOS"]

[FBIS Translated Text] Armenian Republic President Levon Ter-Petrosyan sent a letter on 20 May to Vrezh Markosyan, the director of PERIODIKA publishers, which states: "Without assuming the right to interfere in a dispute of two juridical persons—your publishing house and the editorial staff of the newspaper GOLOS ARMENII, and especially in the decision handed down by the State Court of Arbitration, I request the deferment of the implementation of this decision until the end of the forthcoming elections to the National Assembly, in order not to create the impression that someone is trying to restrict the free speech of the opposition in the period of the pre-election campaign."

"...And I Will Say: 'My President'"

The letter of Levon Ter-Petrosyan set forth by the ARMENPRESS information agency has literally taken me by surprise. While I read and edit hundreds of articles that recount unbridled, rude, and often criminal actions of the executive authorities and the law enforcement organs, I nevertheless did not suppose that at the basis of many of the mistakes, in particular of the president, there could be one mistake that most likely is irreparable: Clearly unscrupulous, cowardly, and ignoble ignoramuses frequently surround him, report to him, and advise him.

It would seem that it is necessary to be happy: They gave GOLOS an indulgence, they granted the possibility of a way out, they left "making a decision until the end of the elections...."

For heaven's sake! What kind of decision?! The State Court of Arbitration has not made a decision! No kind. The court of arbitration has not even accepted the complaint of the GOLOS ARMENII editorial office against PERIODIKA for review, inasmuch as it has not deemed the publisher a juridical person (in violation even of the most elementary logic) capable of answering for its activity. It did not deem PERIODIKA a juridical person (in contrast to the absolutely just position of the president on this question), it did not review the complaint, it did not issue a decision, and it proposed to the editorial staff to seek the truth in the government, which is not a juridical person....

Esteemed Levon Akopovich! Who dared to "trip you up" in such a stupid, cowardly, and petty way?

I think that those officials from Bagratyan's office, the procuracy of the republic, and the State Court of Arbitration who scoffed at GOLOS all of this time did not take the trouble at least as an official duty to think of the law. It seems to me that the number of people who suffered in one way or another from the exercises of the petty tyrants is unprecedented. Now you have been added to that number as well.

In comparison with the questions that you have to decide, the question of GOLOS is obviously not first and foremost. But your reviewers should have at least prepared this question conscientiously, in order not to put you in an awkward position. But suddenly information that is turned inside out, distorted, or simply not understood by your circle is placed at the basis of other decisions, positions, and acts of yours? As now with GOLOS about which you are petitioning "in order that the impression of an attempt to restrict free speech in the course of the election campaign not be created?"

The absence of a decision on the part of the court of arbitration, whose execution you ask the director of the PERIODIKA publishers, Vrezh Markosyan, to set aside, indicates at least two facts. First, concerning the obvious aspiration to close down our newspaper in circumvention and violation of a number of laws, by depriving us of the right to free speech and press, the right to publish a newspaper, the right to lease property.... Second, the fact of the absence of a court of arbitration decision indicates the flimsiness (professional, civil, and human) of your reviewers, who are capable of pushing you, and who possibly have nudged you more than once, into unjustified and unsound acts.

I am far from the thought of giving you advice, Levon Akopovich. But since you cannot rely on your advisers and trust them, perhaps it makes sense during the development of positions and decisions to take into account the thoughts of your compatriots, some of whom express their views on life in our independent (and not at all oppositionist) newspaper GOLOS ARMENII? After all, we have the same motherland, and each of your steps has a reciprocal reaction among the people. It would be nice if the reactions of the citizens and their president to events were commensurable with each other and adequate to the events. Then people would not say: "What can we do, that is the way it is," and by no means in the vain hope of being heard, they would address you: "My President!"

How good it would be if you at least once made those who deluded you answerable (for example, in the case of GOLOS)! The bureaucrats and the officials would not hurry another time to "compensate" for the deficiency of their human, professional, and manly dignity with servile obsequiousness and cowardly readiness to serve the chief. They would not dissipate the people's faith in the health of the nation, in the state, in the Motherland, in the hope for justice, in the law, and in the president. They would not doubt: The president is the guarantor of the rights of all citizens. Our rights. My rights.

Party Election Prospects Analyzed

954F2424A Yerevan GOLOS ARMENII in Russian 23 May 95 p 3

[Article by Aram Abramyan under the rubric "Analytical Survey": "Who Will Negotiate the 5 Percent Hurdle? The Coming Elections to the National Assembly of the Republic of Armenia"]

[FBIS Translated Text] Following the establishment of the number of deputies in the future National Assembly of the Republic of Armenia (190) and the adoption of the Constitutional Statute, as also of the Election Act, the situation in the republic has been clarified considerably. As we know, of the 190 deputies, 150 will be elected by majority-vote district, 40, by party slate.

It is perfectly understandable why the authorities insisted on the figure of "190," not "160." With a complement of deputies of 160 persons it was contemplated that 120 deputies would be elected by majority district, 40, by party slate. All interested persons were well aware that the pro-government bloc would hardly have been capable of winning an unconditional victory in rivalry with the opposition parties or blocs since dissatisfaction with the AOD [Armenian Pannational Movement] and its supporters has reached one of the highest points since 1990. Consequently, the ruling bloc had to link its main hopes with the majority system inasmuch as in this case, possessing the most telling authoritative levers in the form of the power structures, it could without undue expenditure secure the victory of this candidate or the other in practically any district, without resorting to fraud even.

From this same viewpoint the opposition also wished those elected by party slate to constitute one-third of the remaining number of deputies (40 against 120), which would have secured for the opposition, even in the event of defeat in the majority districts, certain levers in parliament, which would have made it possible to hold in check (in the event of their overall victory) the members of the AOD and their supporters from the small pro-government parties. But in the present situation, even if the opposition wins in terms of the party slates, 40 deputies now longer constitute one-third of 160, and in the event of the AOD winning in the majority districts, it will retain control of parliament, and the opposition will once again be left almost devoid of rights, essentially.

It may be assumed that all political forces of the Republic of Armenia will approach 5 July considerably weakened and even fragmented to some extent. This applies fully to the AOD also, what is more, after all, the groups National Statehood (S. Shaginyan) and National Progress (A. Bagdasaryan) have already separated off from the depths of this organization.

This process is gradually encompassing the Communist Party also— it was announced recently that the leadership of the KPA [Communist Party of Armenia] had moved to liquidate its faction in the Supreme Council. Yes, this step had been coming to a head for a long time, but, having taken it on the threshold of the immediate election battles, the KPA leadership was agreeing, virtually, to internal destabilization and the undermining of the party's already not entirely clear image in society. It may be considered that a new political row akin to that which occurred last fall, when the KPA leadership announced the withdrawal from the ranks of party members of a number of deputies who had voted in the Supreme Council of Armenia for the proposals of the government and the ruling party, is brewing in KPA ranks.

Nor can the fact that the manifest interference of "third forces" outside of Armenia may be observed even now be underestimated either. There continue to be reports that Western politicians are worried about the observance of human rights in the Republic of Armenia and the slide of the L. Ter-Petrosyan administration toward authoritarianism and so forth. It is interesting in this connection that the ruling elite has officially invited to the elections as observers representatives of the United Nations and the European Union and that both these organizations have already consented. It is well known also that on 1 March Iranian Ambassador K.R. Nikkar-Esfahani told U.N. representative M. Yamashita that Tehran also was prepared to send its observers to Armenia. If it is considered that an official announcement on the intention to send its representatives is expected from Russia also, we could understand rivalry in absentio developing between the "third forces" also.

It should be acknowledged in this connection that the fears concerning the possible falsification of the elections on the part of the authorities that are being heard at public meetings are perfectly serious. It is well known that against the background of the extremely low living standard of the population of Armenia the elections themselves could not be active. It is most likely that were potential Armenian voters to be left alone with their consciences, they would prefer not to take part in them. This should lead to the elections to the National Assembly proving very inexpressive. Such phenomena as the tremendous outflow of the population abroad, the general political and psychological apathy of Armenian citizens, the lack of faith in the possibility of changes in society, and so forth are contributing to this.

In a certain part of the Armenian electorate this mood has been intensified both by the hounding of the ARFD [Armenian Revolutionary Federation (Dashnak)] and the virtual absence of an appropriate response on the part of the latter. It is understandable that under these conditions the AOD is acquiring an opportunity to manipulate public opinion. Handouts to the impoverished population could have an appreciable effect on the election results, having had an impact on the voters.

Under the conditions of the presence of international observers (both Western and, for example, Russian) this would not go unnoticed by the latter, of course, and they would, most likely, report to the world community the aspiration of the Armenian authorities to put pressure on the choice of each specific voter. It is in the opposition's interests, therefore, that there be present in Armenia in July as many foreign observers as possible, to a large extent from states sufficiently independent of both the United States and of Russia, what is more.

Nor can it be forgotten that the confrontation of political forces in Armenia has already begun—in the Central Election Committee of the Republic of Armenia. It is significant, furthermore, that the authorities are emphasizing in every possible way that both pro-government and opposition parties are represented on this body. There are, indeed, members of the KPA, the NDS [National Democratic Union], the Scientific-Industrial and Civic Union (NPGS), and so forth on the committee. But it is obvious here that the main heights in the Central Election Committee are reserved to the "non-AOD" chairman, R. Amiryan, who is fully controlled by the AOD. The representative of the "bloc of the right" has taken the post of secretary of the Central Election Committee also. In other words, the Armenian public could encounter the fact that the presence on the Central Election Committee of representatives of the opposition will have no appreciable impact on the machinations of which the Central Election Committee of the Republic of Armenia and R. Amiryan personally have been accused—in connection with the last elections, say.

Concerning the chances of the individual sides, it should be emphasized once again that all the hopes of the "bloc of the right" (the pro-West forces) are linked with the majority districts and also with the fact that the AOD itself could win an unconditional victory by party slate. Neither the Republican Party nor the social democratic Gnchak nor the Christian Democratic Union nor, even less, the ersatz Ramkavar-Azatakan (headed by V. Khachatryan) or the Intellectual Armenia organization in isolation, independently, are in a position even to negotiate the 5 percent hurdle of votes of the electorate—they are that small and lacking in authority. In addition, many of their leaders are discredited in the eyes of the Armenian electorate. The AOD itself, given an absolutely impartial approach (and, we would stress, vote count), is hardly in a position to muster more than 10 percent of the vote. Its leadership could, probably, hope for a stable 7-8 percent.

The opposition parties, which are headed by the ARFD, which has been excluded from the election race, could also in principle hope only for the ARFD itself being a decisive factor in the struggle against the AOD. At the same time, on the other hand, it should be noted that whereas last year from 10 to 15 percent of respondents among potential voters declared their readiness to vote for the Dashnaks (according to the data of a whole number of various sociological surveys), it is hardly likely now, in 1995, that this figure has increased or remained unchanged. Of course, the ARFD possessed and continues to possess a stable, its OWN, traditional electorate among Armenians. Other opposition parties separately, however, other than the NDS and the National Self-Determination—Christianocrats (ONS-Kh) association, are hardly in a position to exceed the 5 percent barrier. The NDS and the ONS-Kh individually could now lay claim to 5-6 percent of the vote, but this is manifestly insufficient for laying claim to the role of political hegemon in Armenian society.

The "nonaligned"—Ramkavar-Azatakan, the KPA, the Agrarian Party, and the NPGS—are as yet, evidently, of interest to both the "bloc of the right" and to the opposition. True, a large number of votes could be "wrested" from them only by the KPA—approximately as many as the ARFD. Had the communists not had such sensational events involving their votes in the Supreme Council, they could, possibly, be counting on all of 15-20 percent of the vote inasmuch as a large part of society is acutely nostalgic for its past life. The workers and part of the peasantry, who feel the most vulnerable under the new economic conditions, and also considerable numbers of the unemployed will be on its side, evidently. The agrarians will hardly muster more than 5 percent of the vote, and even this limit appears fantastic. The NPGS is interesting inasmuch as it has many "shadow" supporters, and it cannot be ruled out that they could muster 5 percent of the vote as part of other parties, but hardly as "industrialists." A. Manucharyan, the former chief adviser of the president of the Republic of Armenia for national security, is said to be an inspiration behind the NPGS. He, as we all know, has very readily appeared and continues to appear at public meetings convened by the NDS. The NPGS is known for having agreed to the integration in its ranks of well-known deputies of the Supreme Council of the Republic of Armenia renowned primarily for being honest, unspotted people not mixed up in various swindles and machinations. They include Rafael Kazaryan, former member of the AOD's Karabakh Committee, Suren Zolyan, nonparty person (in the past) and deputy chairman of the parliamentary Artsakh Commission, and Agasi Arshakyan, civil rights activist and leader of the provisional parliamentary Commission Investigating Instances of Official Malfeasance, which operated in 1994. It is highly possible that the authorities have in reality perceived the SERIOUSNESS of the intention of the new leaders of the NPGS to become an alternative to both the "bloc of the right" and the opposition. They have via the agency of the Ministry of Industry of the Republic of Armenia threatened to dismiss or have already dismissed from 30 to 35 directors of major enterprises which are a part of the NPGS and have even completely replaced the management at some enterprises, what is more. But in principle the NPGS could hardly have hoped nor can it now hope to overcome the 5 percent barrier.

Azerbaijan

Aliyev Suggests Holding Election, Referendum Simultaneously

LD0506194795 Moscow ITAR-TASS World Service in Russian 1606 GMT 5 Jun 95

[By ITAR-TASS correspondents Sevindzh Abdullayev and Viktor Shulman]

[FBIS Translated Excerpt] Baku, 5 Jun — It is desirable to hold the election to Azerbaijan's parliament and the referendum on the republic's new Constitution on one and the same date. This opinion was stated at a session of the Constitutional Commission by its chairman, President of Azerbaijan Geydar Aliyev, this evening in Baku. Several drafts of the Constitution and, to some extent, the draft law on free democratic elections in Azerbaijan were discussed at the session. Aliyev suggested three dates for this important event — 18th, 22nd, and 29 October 1995. [passage omitted]

Russia's Chernyshev Arrives on Official Visit

LD0506172495 Moscow INTERFAX in English 1630 GMT 5 Jun 95

[FBIS Transcribed Text] BAKU, June 5 (INTERFAX) — Russian Deputy Foreign Minister Albert Chernyshev arrived on an official visit to Baku Monday, the Azerbaijani Foreign Ministry told INTERFAX.

During his stay, Chernyshev will meet Azerbaijani Foreign Minister Hasan Hasanov.

The two diplomats are expected to discuss pressing issues of bilateral interstate relations and sign a number of agreements, including a protocol on political consultations between their ministries and a protocol agreement on scientific, cultural and educational cooperation.

Azerbaijani President Geydar Aliyev is expected to receive Chernyshev Tuesday.

Trade Protocol Signed With Belarus

NC0506201195 Baku TURAN in English 1400 GMT 5 Jun 95

[FBIS Transcribed Text] Baku (June 5) TURAN — Azerbaijan and Belarus signed the protocol on intentions on trade-economic co-operation.

The protocol signed by the first Vice-Premier of Azerbaijan, Abbas Abbasov, Vice-Premier of Belarus Myasnikovich provides for development of free trade between both countries.

Russian, Iranian Interest in Caspian Oil Noted

NC0506202795 Baku TURAN in English 1342 GMT 5 Jun 95

[FBIS Transcribed Text] Baku (June 5) TURAN — Russian oil companies Lukoil and Rosneft stated about development of oil shelf of the Caspian sea near the shore of Daghestan. The project on joint researches provides development of 30 kilometre zone situated 5 kilometres from coast of Daghestan. Oil reserves are estimated 120 million barrels. The British firm JKX was chosen by Russian companies as a partner. Such transaction is a violation of agreement between Moscow and Tehran according to which oil companies are not allowed to the Caspian sea. Such steps by Russian companies can make Iran change their position concerning the status of the Caspian sea and to decline the present alliance with Russia. As is know, both Moscow and Tehran stated more than once that any development of the resources of the Caspian sea should be conducted with the agreement of all Caspian states. Both sides noted that participation of companies of third countries will be possible only after the determination of the status of the Caspian sea.

"Tehran is greatly mistaken if it thinks that we will allow its ships to the north shores of the Caspian sea," TURAN was told by high-ranking businessmen who participated at the international exhibition "Caspian Gas and Oil - 95" held in Baku. According to him, the statements of Moscow on joint use of treasures of the Caspian sea did not mean that Iranian ships could catch out fishes near Astrakhan, and that Iranian companies will extract oil in the Caspian sea. So a conclusion can be made that Moscow needs the alliance with Tehran for obtaining from the Caspian states the increase of share of Russia's companies in the development of all oil fields in the Caspian sea and for transportation oil through the territory of Russia," Russian businessman said frankly.

Economic Impact of Oil Contract Evaluated

954F2401A Baku ZERKALO in Russian 20 May 95 No 19, pp 1, 6

[Article by EFA Consulting Firm: "What the Oil Contract Will Provide for Our Economy, And What It Could Provide"]

[FBIS Translated Text] Quite a lot of time has passed since the day of signing "the contract of the century;" this allows us to distance ourselves from current affairs, from the political ambitions that dominated the statements of all sorts of international and domestic political figures on the subject of this contract, and analyze what this contract could provide and what it in fact will provide for Azerbaijani economy, and forecast the future course of events.

The Economy Has Become Hostage to Politics

We should start with the fact that the efforts to bring it to conclusion stretched over four years. Socioeconomic conditions, political systems, and the Azerbaijani leadership changed as time went by. But only the current leadership has managed to see this effort to the end. Unfortunately, for a variety of reasons this contract has become hostage to politics, and this is precisely what causes dissatisfaction with some of its provisions. Some explain this by citing the incompetency of the Azerbaijani economists participating in the project development and evaluation. We have to admit that to a certain extent this is not unfounded. But this is not the main point. Many other factors also led to precisely this outcome of the project. It should be noted that the foreign partners played their hand brilliantly: They stalled the signing of the contract until the internal and external political situation in the republic had become critical and only then, using the powerful support of their governments, took over the initiative and practically dictated the contract terms. The formula was simple—oil in exchange for recognizing Azerbaijan's sovereignty over Karabakh. The way this was done was not original, since such deals had already become habitual for transnational companies (TNK), which use not totally ethical methods of exerting pressure.

Also interesting are Azerbaijan's latest concessions in assigning part of its share to Exxon and Turkey. The facts indicate that while reassignment to Turkey was a purely political act intended to secure stable good relations between the two countries, the reassignment to Exxon was caused by an inability to find the necessary funds for a shareholder contribution to the consortium. The way it happened suggests that this action was planned with the purpose of undermining Azerbaijan's leading position in the AIOC [Azerbaijani International Operating Company], where each country has voting rights in keeping with the size of its share. In this case, apparently the government had no other choice, and the economy once again became a hostage to politics.

What We Could Lose

In the area of oil production, the contract stipulates that oil will be produced jointly, and that operational oversight will be carried out by the AIOC. Most likely, as the latest events show, the AIOC, whose leadership consists mainly of representatives of the consortium's Western participants, will follow a clearly Western orientation in the policy of procuring oil-extraction equipment. This is indicated by the fact that the equipment that is already being brought in (which is being warehoused in Zykh) is of the kind that could be successfully manufactured here.

While we do not question in any way Western managers' qualifications, it should be noted that they have developed stereotypes with respect to project implementation in developing countries. But Baku is not Venezuela, Nigeria, or Kuwait, which do not have an industry manufacturing oil-extraction equipment. Baku is one of the oldest centers of such industry, and we have ample traditions, experience, and scientific-technical potential in this sphere. In the former USSR we provided 70 percent of oil-extracting equipment for the fuel and power generation complex. Granted, some of the products do not meet world standards, but there also are some that exceed them. According to the data obtained in the Azneftekhimiya Concern, consortium specialists have no desire to purchase these world-class products either. The orientation toward importing oil-extraction equipment is fraught with numerous complications. Currently most such equipment is delivered by air, which raises equipment cost. It is known from practice that under normal circumstances the costs of building hydrotechnical and marine structures and oil-extracting equipment installation run 20 percent over the estimated budget. In our situation of a transportation blockade, transportation costs have increased, and how they will be covered is a big question. One thing is clear: The consortium's foreign participants have no intention of sharing their portion of profits.

It is known from the practice of other oil-producing countries that very often one contract clause stipulates building on-site plants for manufacturing oil-extraction equipment. In our case it would have been quite reasonable to stipulate as a contract provision a RECONSTRUCTION of plants manufacturing oil-extraction equipment. This would enable us not only to supply the project with the needed equipment, but also to work for the future, and to regain our lost positions in the CIS market. It should be noted that right now this is the fastest-developing oil region in the world.

Neither should we forget social aspects. Implementation of this decision would provide jobs for many people. Unfortunately we have not done this, so we will again provide jobs and high incomes for foreign workers while our Azerbaijani cadres will be getting miserly unemployment benefits.

And What We Could Gain

An interesting situation also has developed in the area of oil transportation and refining. All the debates and arguments keep going on, and at highest diplomatic level at that, around the pipeline route. Geopolitical analysis of different options is being conducted; different routes are being lobbied. Two questions come up in this connection, however. What will the consortium's maximum level of oil production be in the best years? Judging by available preliminary data, this will happen no sooner than in 10 years and will amount to about 32 million tonnes. How much oil used to be refined in Baku? About 22 million tonnes in 1990. The negative balance amounts to 10 million tonnes. Which means that if we increase capacities, we could easily refine all the oil produced (our scientific-technical potential permits us to achieve this over the same period of time).

The hidden motive in this problem boils down to the fact that if we apportion the profit from petroleum product sales, we get the following: 10 percent of the profit goes to the oil producers, 20 percent—to the transportation providers, 45 percent—to the refiners, and 25 percent—to the sellers. As we can see, the greatest profit goes to the refiners, and there is nothing strange in this. This is precisely why all TNK's are full-cycle organizations—allowing them to maximize profits. So it is understandable that the foreign participants in the contract need an export pipeline to pump crude to Europe for subsequent refining at their plants, and they are talking about pumping over not only their share of the oil but ours as well. It should be noted that while many oil-producing countries in signing a contract insist on a provision to build refineries on their territory, we did not even link the contract terms to modernization of our oil refineries (NPZ). This reconstruction would have allowed us to sharply increase the profit from the oil produced. It should be noted that both the existing infrastructure and the scientific-technical potential make it possible for us to accomplish this. If we build an export pipeline to Europe, however, we will have to build our refineries and petroleum product distribution network in Europe, which will cost immeasurably more than reconstruction of our NPZ's. Not to mention the fact that we need to provide jobs for Azerbaijani citizens rather than those of the European Union.

Besides, Azerbaijani oil is not the only oil in the region, and utilization of modernized NPZ's would enable us to become the largest oil-refining center in the Caspian region, processing Kazakhstani, Russian, Turkmen, and other oil. On top of this, prices for petroleum products in CIS countries have almost risen to the world level. By supplying petroleum products to the southern and central part of Russia, we could reduce transportation expenses, since we have an established a transportation infrastructure with these countries.

In the financial sphere there is a noticeable desire on the part of the foreign companies to reduce their profit by various means, which actually is not difficult to do, considering the inexperience and corruptibility of our government agencies. If even in the United States, with its formidable tax enforcement, one of the consortium members managed to evade taxes on $1.5 billion for two years, what is there to say about our government bodies? The desire to boost the expense part of the contract will be paramount, and subsequently, the republic's revenue will be minimal.

What We Can Still Do

The growth of GDP will only be proportional to the share of oil extraction, while if some of the aforementioned conditions are implemented, it will increase seven- to ninefold. The presence of petrodollars will partly improve the balance of payments and stimulate demand not supported by increased production of marketable goods, which will result in inflation and a decline in the living standard. Azerbaijan will receive 10-15 times less revenue from the project implementation than it could have otherwise. The experience of other oil-refining countries indicates that corruption among government structures connected to petroleum sectors grows. We should remember that in the end the oil will run out, at which point there will be no industry and a social explosion will be inevitable. In order to avoid this we need to urgently draft and implement a program of maximizing the profits received from implementation of this program, create a Petroleum Investment Fund which would invest in petroleum sectors, build new enterprises, and modernize old ones. This would not only keep us from consuming the funds earned from the contract—it will let us multiply them and through these means pull the economy out of the crisis.

The experience of other countries teaches us that a consumerist approach to petrodollars has not brought prosperity to any country. Examples are Venezuela, Nigeria, and Gabon. On the other hand, there is the graphic example of the Arab countries, which chose the way of rational utilization of funds earned from oil sales by investing them in development of industry and infrastructure.

Georgia

Weekly Interview With Shevardnadze

LD0506112795 Tbilisi Radio Tbilisi Network in Georgian 0511 GMT 5 Jun 95

[Regular weekly interview with Georgian Head of State Eduard Shevardnadze by journalist Nato Oniani; place not given — live]

[FBIS Translated Excerpt] [Oniani] Mr. Shevardnadze, while analyzing the economic developments of the past week, presumably it is essential to consider the following significant fact: The preparation of an agreement on partnership and cooperation with Georgia has begun in the European Union. This will allow the European Council to establish and strengthen trade, economic, and financial ties with Georgia and to assist Georgia in the process of democratization and protection of human rights. This becomes even more important in the circumstances when 45 percent of Georgia's budget is covered by the European Union.

[Shevardnadze] Good morning. At the beginning of the summer, after the Independence Day celebrations and the Tbilisi spring festival, the country is back to its complex economic developments. However, the fact that the Georgian parliament, having spent too much time on a rather untimely discussion of issues concerning the posts of the head of state's regional representatives, failed to finally pass laws on amendments to the legislation on the National Bank and taxation. Meanwhile, one of the fundamental conditions in talks with the International Monetary Fund on receiving a stand-by credit is the adoption of these legislative documents. The impression arises that some deputies are more concerned with issues other than these vital laws without which we will not be able to have this financial incentive. Unfortunately, dozens of similarly important laws, I guess about 80 of them mainly relating to the economic sphere, are stranded in the appropriate commissions and many of us, deputies, are too busy to handle these laws of vital importance.

The importance of promoting the implementation of reforms and economic stabilization is emphasized by the preliminary data on the financial developments during the past five months of the year. According to Finance Ministry records, the budget revenue for the five months was planned to be 53 trillion coupons, 27 trillion of which would be covered by incomes through grants. In reality, only 41 trillion coupons were transferred to the Georgian National Bank's budget account by 1 June. That makes up to 80 percent of the planned sum. Excluding grants, the republic's budget received 21.5 trillion coupons by 1 June, that is 85 percent of the planned sum — I mean our own incomes. The basic reason is the failure to achieve target figures through customs duties and excise.

However, it would be unjust not to indicate that a trend toward significant improvement was clearly observed in May with regard to the accumulation of incomes. The republic's budget received over 13 trillion coupons only in this month, that is, the revenue almost doubled compared to the revenue received during the previous four months. [passage omitted]

Total budget expenses in the five months amounted to almost 80 trillion coupons, that is, 84 percent of the target — I mean expenses. The balance between expenses and revenue including grants was covered by the National Bank from the loan assigned for system transformation facilities and from the World Bank loan.

I would like to draw the listeners' attention to the great importance of the assistance provided by the IMF and the World Bank. If it were not for their assistance, our poor budget would be in a disastrous situation. Therefore, we must do all in our power so that this channel will not close. Our commitments include appropriate laws, and the demand by the IMF and the World Bank that these laws should be adopted is fairly substantiated. [passage omitted]

I would like the listeners to be attentive to what I will say now. Revenues from the Customs department over the reported period of 1995 totalled $2.19 million. Only the equivalent of $112,000 in various currencies was transferred to the budget by the Customs department during the corresponding period of 1994. However, the trade turnover or transportation and goods movement were by no means lower than this year. You can see how high the state losses were and how certain individuals, certain clans and groups enriched themselves at the expense of the state. [passage omitted]

The implementation of the head of state's decree on taxing cash taken abroad has yielded its first results. Since 1 February, the equivalent of $150,000-$200,000 in various currencies was transferred to the state budget. [passage omitted]

A seminar held by the Georgian Ministry of Agriculture and Food Production and the know-how fund of the British Ministry of Economy and Development [as heard] was a clear indication of the fresh practical ties with various international organizations. It was a very useful seminar. You will recall that during my visit to Britain at the initiative of the prime minister, the British Government doubled the resources allocated to us by the know-how foundation. And we have now started to work more efficiently in order that the resources can be used appropriately.

The Ministry of Industry reports that output increased substantially in May. It increased in general and especially in the pharmaceutical, electro-technical, timber-processing, and light industry enterprises. [passage omitted]

We are now facing the problem of what to do with the wool processed by the population, the silkworm cocoons to be procured, the raw leather, and so on, which comprise a basis for our light industry and a condition for the revitalization of our industry.

[Oniani] It seems strange that the leader of a country which is suffering various shortages has to deal with questions such as what to do with wool and silk cocoons. On one hand we suffer from shortages and on the other hand there is a product and we do not know what to do with it.

[Shevardnadze] A very appropriate remark. It is not easy to find a solution because farmers fix high prices for their products, but on the other hand it would be much more costly to import it. Therefore, we have to find the ways out and I think this is possible. If contracts had been concluded with farmers in good time, I am confident that conditions favorable both for them and for us would have been created by now.

You started your question with our relations with the European Union. [passage omitted praising Oniani for making a TV program about relations with the EU] I do not think we need to explain how important the assistance by the EU, the United States, and other countries is. Georgia will receive further political and financial assistance provided it takes an irreversible road toward democratization and economic reforms. Therefore, we must not waste our time on fruitless and ineffective discussions in parliament and other forums: We must pay more attention to adopting fundamental laws, drafting the optimum version of our constitution, adopting the election law, and holding elections. All of this will help us to overcome difficulties during the transition period. [passage omitted]

I believe, an agreement on cooperation with the European Union, which is under preparation now, will play an extremely important role.

[Oniani] We often speak about human rights. Foreign experts and international organizations mention this problem when speaking about us. A significant event that occurred last week is also related to the issue. Georgia's legislature declared an amnesty in connection with 26 May [Independence Day]. Some people say the amnesty does not cover a sufficient number of people, others say the amnesty will further aggravate the crime situation which is relatively calm at this time.

[Shevardnadze] This concern can probably be substantiated if we look at it from the point of view of past experience. However, unlike the amnesties declared in the past, this one applies to people who have not committed dangerous crimes. It applies to women, children — I mean juvenile delinquents — and the elderly and it should be seen as a humane and normal act. In a way it will affect the situation but I believe we should not expect a serious aggravation of the crime situation. Law enforcement agencies are now strong enough to control the situation, although their struggle against organized crime is far from being completed. We are well aware of who are in hiding and how much weaponry and ammunition is hidden and much more. [passage omitted]

As far as the handing over of arms is concerned, I believe parliament was right to trust the offices of the head of state with the issue of pardoning those held in custody in accordance with the appropriate articles of the law [on keeping and using weapons].

[Oniani] Apart from these issues, parliament focused its attention on the head of state's regional representatives and the idea of a regional structure of Georgia. You then met with regional representatives who, together with other issues, touched on a significant subject. They asked the question: Whom do the posts of the head of state's regional representatives make unhappy? They themselves answered the question. They said they did not suit some of the local administrators, some of the heads of enterprises, and some members of the Cabinet of Ministers, that is, those who hold real economic power and do not wish to lose it. You suggested that a meeting be held between the representatives and the Cabinet of Ministers. We can assume that the meeting will be tense.

[Shevardnadze] The activities of the regional representatives attracted the attention of the public. It is not bad. There are no serious contradictions between the representatives and most of the local administrators. There are normal discussions and arguments about a more precise delimitation of power. As for sharp critical speeches by some representatives regarding some ministries and managers [of enterprises] and so on, I regard it as normal. Claims are made in respect of those who do not want to pay taxes, who conceal the taxes, or individual managers of state-owned or private enterprises who feel content with what they earn themselves and think nothing of using our huge economic potential for creating jobs and restoring the country's economy. [passage omitted]

[Oniani] I am sorry to interrupt you. The position of a regional representative is quite special. On one hand this is a person given all rights by you, and on the other hand this is a person accountable to you. They have a different scale of responsibility. These are persons who have experienced for themselves all the positive or negative effects of parliamentary resolutions and especially of any resolution by the Cabinet of Ministers. [passage omitted]

[Shevardnadze] There is yet another point. These are mainly fresh people. Unfortunately, the mentality and minds of some people tend to get used to and adapt to shortcomings and faults. Thank God, this institution [of regional representative] is not infected with this disease. This is an extraordinary occasion. These are the people who are accountable to the head of state, to the executive authorities but mostly to the people. They equally are answerable to their counterparts, I mean administrators. No one should take it as a surprise that they sharply respond to bureaucracy, certain infringements and inattentiveness by certain government and state officials. [passage omitted]

[Oniani] And finally, an agreement on combatting organized crime was signed last week between the security services of Georgia and some other CIS states. You met with Sergey Stepashin [passage indistinct]

[Shevardnadze] [passage indistinct] All of this increases our chances in the fight against the criminal world. Our people will welcome measures like this. As far as my meeting with Sergey Stepashin is concerned, this was undoubtedly an interesting and useful conversation. We considered a wider range of issues including problems related to the conflicts. It is important that our stands on every major issue relating to Abkhazia, Tskhinvali region, and the processes occurring in the North Caucasus are almost identical. And not only Mr. Stepashin's view and mine but also that of the leadership of Georgia and Russia in general and we have to welcome all this. I believe we will see concrete results shortly.

[Oniani] Thank you. You have been listening to the chairman of the Georgian parliament and head of state, Mr. Eduard Shevardnadze.

Shevardnadze Interviewed on Abkhazia, Other Issues

954F2417A Moscow MOSKOVSKIY KOMSOMOLETS in Russian 27 May 95 p 2

[Interview with Eduard Shevardnadze by Yulia Kalinina; place and date not given: "The Shevardnadze Anomaly: 'I Really Have No Fear'"]

[FBIS Translated Text] All the things he has been called.

All over the world they called him the "face of perestroyka and democracy"; in Moscow—a "CIA agent"; and in Tbilisi—a "Kremlin agent."

Those who know him say that he is the son of his people, a Georgian who has looked slightly beyond the "Georgian horizon." Time will tell whether he looked a little beyond the "Russian flats."

Having returned to Georgia, he found himself a complete hostage to the situation that was beginning to develop there. He could not change it. He was doomed, just like all his compatriots. But at least he shared a common fate with them.

Yesterday Georgia celebrated its Independence Day. The military parade, set for the morning, was moved to the evening because the president had to fly to Minsk that day, to the meeting of the CIS heads of state. Without Shevardnadze a holiday is not a holiday, and a parade is not a parade.

Any politician is not quite a normal person. In any case, his actions very often cannot be explained on the basis of normal "human" logic. But there is always something "human" left in each of us, even though it might only be mistakes and delusions. Judging by how many "mistakes" are in Eduard Amvrosiyevich's baggage, there is surprisingly much "human" left in him.

[Kalinina] At the celebrations in Moscow on the occasion of the Victory Day you were the only head of a former Union republic to deliver a speech.

[Shevardnadze] So it seems.

[Kalinina] I know that such things do not happen by accident. There was a decision. It was an honor extended to you specifically. How do you explain it?

[Shevardnadze] I do not know the technology of how it all happened. Perhaps there was some preliminary agreement, perhaps not. I was simply told that if I have no objections, there is such an inclination—to offer. I did not refuse. But I did not speak on behalf of everybody.

[Kalinina] I understand; but why you of all people? Frankly, I thought that the choice of the leader of Georgia was precisely because it was you, because of your personality. For the West you are a person who freed the world from the heavy burden of the Cold War, from the threat of world war. On the day of celebration of the 50-year Victory anniversary it was important for the Russian Government to remind our guests what we have done for the world recently, only five or six years ago.

[Shevardnadze] Maybe this was the reason. The West's good opinion of me, and the fact that perestroyka and democratization in some way are linked with my name. Yes, maybe.

[Kalinina] On the other hand, everything the West is grateful to you for, all those "perestroyka" treaties—the treaty on elimination of medium- and short-range missiles, the withdrawal of our troops from socialist countries, German unification—for the same things you were praised in the West and sharply criticized at home. And now a revision of sorts of what you have done is taking place. Now you can look at everything from the outside. Was it really all needed? Or was it not, and are today's politicians right—should we have even then pushed the line "from a position of strength" and not agreed so easily and quickly to all the Western demands?

[Shevardnadze] You know, speaking of international processes, I think that at the time the threat of a third world war was quite realistic. I sensed it; I saw it: We were sliding toward an abyss. And nuclear weapons, nuclear war—this is not just a war. It is not mentioned often now, but at the time everybody was crying out: "We are moving towards a nuclear catastrophe; we will perish."

Or take German unification—it is seen from different angles now, but imagine: There was a huge group of our armed forces there. In the center of Europe. And against this background—mass demonstrations for the unification of Germany, which could quite easily have spilled over into serious clashes. And the real threat of a third world war. Now some time has passed, and many things look different. It happens....

[Kalinina] What about the "internal" perestroyka, the disintegration of the Union—would you not want now to somehow change it?

[Shevardnadze] Regarding perestroyka inside the country, I think, a different way could be chosen. The formation of independent states is an irreversible process. It would have happened sooner or later. But I imagined it differently—I imagined we would take the road of developing independent states. And if those serious warnings, all the things I said when I resigned—the threat of dictatorship, the threat of restoration of totalitarianism—were taken into account, we would not have had the August putsch. And the transition to a new state would have taken place in a completely different situation. We could have arrived at a confederative system—there was such an idea. Or at some other relations. But as a result of the putsch everything fell apart. And I do not know now whether we should regret it.

[Kalinina] Do you not feel that Russia currently is conducting a policy "from a position of strength" with respect to near-abroad countries? And with respect to its own autonomies too.

[Shevardnadze] No, I would not say that. There were some excesses. For instance, the events in Abkhazia. I do not want to stir up the past now and talk about Russia's role in this conflict.

[Kalinina] It is common knowledge anyway.

[Shevardnadze] As for Russia itself, it is hard for me to appraise what has happened in Chechnya. How do you appraise this? By the way, I was unequivocal on this from the very beginning: This is Russia's internal matter. No country will accept the disintegration of its own state.

[Kalinina] What will happen to Abkhazia? How will the events develop in the future?

[Shevardnadze] You know, we cannot take the road of a military solution of this problem. It will lead to new explosions, new clashes. There will be great human loss. Keeping in mind the partial attitude of the Northern Caucasus population to this region, Abkhazia will become a seat of enormous conflict. We are now looking at options for a peaceful resolution, but unfortunately the separatist regime does not want to meet us halfway.

Frankly, I am very much afraid that if the reconciliation process keeps dragging on, we will have another flare-up.

So my main task now is to speed up the process of peaceful resolution. Also, you know, at the meeting of CIS heads of states in Almaty we all undertook an obligation not to support separatism. If separatists come into power in a country, we are not to maintain political or economic relations with this regime. Deprive them of the ability to use communications, and completely isolate them. But Abkhazia enjoys all these privileges. It gets electricity from Russia, while Georgia is paying for this electricity. Right now we have to pay 50 billion rubles. And not only electric power—they get everything. And financial support too.

[Kalinina] From Russia?

[Shevardnadze] Let me put it this way: From various interested circles....

[Kalinina] You linked the question of Russian military bases with the repatriation of refugees to Abkhazia. I would imagine you did so intentionally in order to force events?

[Shevardnadze] Certainly. There is no game here. This is called balancing interests in the full meaning of the word. Russia wants to remain in the Transcaucasus, to have its bases there. And for us it is vital to restore our territorial integrity. We cannot do this without Russia. So we reached an honest agreement about everything.

[Kalinina] Refugees in the morning, bases in the evening? Let us hope to God it will work.

[Shevardnadze] Let us.

[Kalinina] Do you not allow even remotely for the possibility that force will still have to be used?

[Shevardnadze] I have to do everything to prevent this from happening. We have to save the people of Abkhazia. I do not draw the line: These are Georgian interests, and these are Abkhazian ones. The Abkhazians also are my people, who live on the territory of Georgia. I cannot allow the extermination of the Abkhazian people. It is hard even to think about it. But, I repeat, anything can happen. A conflict will flare up spontaneously. Therefore we must hurry. We must hurry. This is in the interests of the Abkhazians themselves.

[Kalinina] You are now the only politician from the team of the "superintendents of perestroyka" still in office. All the others live a more or less quiet life. Why did you return to Georgia and take upon yourself the burden of this nightmare of unresolvable problems? You could sit here, in Moscow, receive all sorts of guests in your Foreign Policy Association, travel abroad.

[Shevardnadze] Well, actually this was all very tempting. After my resignation I traveled around the United States lecturing. Do you know how much one lecture cost?—$25,000.

[Kalinina] And what do you have now?

[Shevardnadze] This is not the point. The greatest happiness for me is to be with my people in a time of hardship. And really— how could I calmly watch what was happening in my country?

[Kalinina] If you were now back in 1992, already knowing that there would be a war, that Abkhazia would separate, that there would be a most severe economic crisis, would you still agree to return?

[Shevardnadze] Certainly.

[Kalinina] In your opinion, what makes you different from any other president?

[Shevardnadze] I have said more than once that no politician of my level would undertake what I have undertaken. There are too many risk factors, too few chances to get around them. Real politicians calculate it all and take it into account. I have calculated—and returned. This is the greatest mistake of my life, but I do not regret it.

If your life proceeds in some unusual way, it is probably fate. Well, sometimes you yourself contribute to it. It just so happened.

[Kalinina] The opposition in Georgia now has quite a grudge against you: "Why did we fight for independence, only to have Georgia later join the CIS, and now voluntarily admit itself into Russia's sphere of influence. And now we let them place military bases here." In 1992 you too, when you returned to Georgia, intended to align with the West. And now a full reverse. Only on Russia. Why? I understand that you are a politician, and politics is the art of the possible. But what does it mean to be a politician?

[Shevardnadze] I believe that politics should be made by honest people. If I achieved something in relations with the West or the East, I achieved it because I was trusted. I have never let anyone down. I said something and always tried to keep my word.

In the situation Georgia finds itself today, the leader could long ago have been "asked" to step down.... Which is what the opposition is doing. But a majority of my compatriots have trust in me. I would like to think it is because they understand, consider me an honest man, and believe me.

[Kalinina] Over the years of independence, Georgia has had more trouble than any other republic. A coup, a war, economic ruin. It has also lost some of its territory. Are you not sore at Russia, at its leadership? They could have helped, after all.

[Shevardnadze] At the initial stage of its independence Georgia itself turned away from Russia. Remember: "Occupiers, get out!" Then we declared an economic blockade of Russia—cut off a railroad, stopped delivering tea. Did anybody in Russia notice that Georgia had declared a blockade? Cut all the channels linking us with industry. I cannot blame Russia—we did it ourselves. But this was inexperience on the part of those who believed that these national- patriots would come, take power, and everything would be fine. In a few months they found out that it would not be fine. After the coup, after Gamsakhurdia, came people....completely....

[Kalinina] Yes, when you returned to Georgia.... Such a difference. Over here you kept company with Genscher, Kohl, Thatcher. And in Tbilisi—Kitovani, Ioseliani. There was an interview on television in which Ioseliani is asked: "How do you communicate with Shevardnadze?" He replied: "Shevardnadze tells me how he met with the queen of England, and I tell him whom I met in the Rostov transit jail."

[Shevardnadze] Naturally, it was difficult, with people who had never worked in state structures. They had their own idea of authority, society, the state. Sometimes you could argue with them, and sometimes it was useless.

As to Ioseliani, he is a special kind of man. With a very interesting life. Well, everybody knows this. Now our ways have parted, but I still like him a lot. He is a man of chivalry, not in words but in deeds.

[Kalinina] You recently demanded that the Mkhedrioni surrender their weapons. As part of crime-fighting. Do you believe this action can be successful?

[Shevardnadze] Yes, they are already surrendering them. They have surrendered more than 100 units of firearms and several armored vehicles. Jaba himself said: "If the state needs it—then, we will give them up." And the so-called Rescue Corps—we will retain as many people as we need. We could not do it earlier, but now we have a strong police, security organs, military—good or bad, we have it. Now only state structures should be in charge of order and safety.

[Kalinina] That is, you already have enforcement levers you did not have before?

[Shevardnadze] At first we did not have anything. Everything revolved around pure enthusiasm—grab weapons and get going. But now it is beginning to resemble a state.

[Kalinina] Those who have been in risky situations with you— for instance, in Sukhumi in the days of the storming, under artillery shelling—say that you have absolutely no fear.

[Shevardnadze] I do not know, perhaps it is an anomaly, but I really do not have any fear.

[Kalinina] How can it be—to have no fear? The Chechens say that Allah is watching over them, and therefore they are not afraid. Perhaps you also have this feeling that someone is watching over you?

[Shevardnadze] It is hard to explain. But I have somehow had this thing since I was young. The absence of fear.... I believe that death is afraid of the brave.

[Kalinina] How do you feel about journalists?

[Shevardnadze] I have the greatest respect for them. Including those who write less than flattering things about me. As long as they are objective. In my speech in London I said about journalists that actually they are the first, not the fourth, estate.

[Kalinina] Do you take under advisement what people say and write about you? Can it influence you in some way?

[Shevardnadze] Certainly. But right now in Georgia we have this kind of press—there is the serious, solid press, and there is the yellow press. Obscene, I would say. Not in the sense of using unprintable words, but incompetent, unprofessional. There are newspapers that are simply hard to read. Not because they insult you but because it is all so incompetent, not serious. You read and feel ashamed—how can such things be written in my country?!

[Kalinina] Have there been instances when you made a decision after reading an article in a newspaper?

[Shevardnadze] No, I cannot recall any particular instance. When I make a decision, naturally, I take into account what the press will say right away and later. For instance, the decision to join the CIS I made single-handedly. When I was in Moscow. I knew how the people, and the parliament, would feel about it. And what newspapers would say, I also knew. That there would be an avalanche of accusations: "Here we are again with Russia; again he sees only the sun that rises in the north." And this needed to be taken into account. And I did. And I prepared. It is not easy with you, journalists.

[Kalinina] Have you decided for yourself in some way when you can retire? For instance, bring back Abkhazia—and walk out.

[Shevardnadze] I would walk away right now. But the time has not come for it. When I returned to my motherland, Georgia was in complete isolation. Within a month others began to recognize it, to establish diplomatic relations. They believed: Shevardnadze said he would build a democratic state. Perhaps it will sound immodest, but my return brought a lot to the country. With all the tragic losses, it has not lost its future.

Georgian-Russian Meeting To Discuss Abkhaz Refugees

LD0506161095 Tbilisi IPRINDA in Russian 1300 GMT 5 Jun 95

[FBIS Translated Text] Zugdidi, 5 Jun — In an interview today with an Iprinda correspondent, Givi Lominadze, the personal representative of the head of state in Samegrelo (western Georgia), said that the situation in the region is under control. Georgian Prime Minister Otar Patsatsia arrived in Zugdidi on 4 June. Today, Patsatsia met refugees from Abkhazia and discussed their problems with them.

According to Lominadze, this evening Georgian representatives led by Patsatsia will meet General Vasiliy Yakushev, commander of Russian peacekeeping forces in the conflict zone. Lominadze suggested that this meeting could solve the return of refugees. Speaking about the situation at Inguri hydroelectric power station, which is situated on territory controlled by the peacekeepers, Lominadze noted that Georgian specialists are continuing repair work at the station. After the work is completed the capacity of the station will increase to 700-750 MW.

Abashidze Touts Conditions in Ajaria

954F2413A Moscow TRUD in Russian 30 May 95 p 2

[Comments by Aslan Abashidze, chairman of the Supreme Council of the Autonomous Republic of Ajaria; place and date not given: "To See the Light You Have To Open the Shutters"]

[FBIS Translated Text] The events of the past few months in Ajaria, which used to have the reputation of being the calmest corner of the Caucasus, could not fail to cause concern among Russian observers. There have been times of tension between Tbilisi and Batumi before. However, through mutual efforts of the head of the Georgian state and the leader of the autonomous republic, the situation was usually kept from taking dangerous turns.

The policy of the 12th Russian military base commander also was considered an unquestionably stabilizing factor in Ajaria. Until recently he managed to stay out of "feuds" in Georgia's top echelons. It appears, however, that not everyone was happy with this neutrality. The conflict between the leadership of the Russian Group of Forces in the Transcaucasus (headquartered in Tbilisi) and the Batumi base commander Vladimir Gladyshev, as a result of which he was relieved of his command, confirms these fears.

Aslan Abashidze, chairman of the Supreme Council of the Autonomous Republic of Ajaria, describes life in the autonomous republic today.

* * *

Strong regions mean a strong center. This is an axiom, and when we forget it, the price is often heavy losses. I am convinced that if Georgia from the very beginning took a more reasonable position in its relations with the autonomies, the situation would have been different now: I have always believed and believe now that the war in Abkhazia was not unavoidable. It resulted from the mistakes and ambitions of leaders who did not utilize the potential for regulating the problems "within the family"—one state. Because the delineation of functions between the center and an autonomy is a political issue. I know very well that in the beginning, and even in the course of the conflict, the Abkhazian leadership was willing to undertake such talks. The chance to avert, and later stop the war was lost. And a war, even the shortest and most victorious, is time that is hopelessly lost for a nation's development, and puts stress on the people.

For all intents and purposes, Ajaria currently is the only Georgian autonomy. It was created in order to ease the return of Muslim Georgians to the Christian country, from which this land had been separated for 300 years. The treaty was signed by Russia and Turkey, and they practically remain its guarantors to this day. The percentage of Islamic population here is small now, however, the expediency of the autonomy has not at all faded, although the notion itself has been filled with new contents. Of course, the Georgian parliament and government's decisions are mandatory for us: Ajaria has been and remains an unalienable part of Georgia. But our population has some special traits. We need our small representative organ, which could adapt general constitutional provisions to local conditions.

Now these functions are carried by the presidium of the autonomous republic Supreme Council, which some time ago received an appeal from the parliamentary majority to disband itself, because the opposition minority kept plunging the parliament into endless fruitless verbal fencing, which the people perceived as a show but which distracted the authorities from vital work. It was not Abashidze who disbanded the representative body—the question was decided by a vote. Elimination of this destructive factor gave the authorities the opportunity to shift the emphasis on solving socioeconomic problems of the autonomous republic. Political disputes can wait when there is an economic crisis and people's "income" is enough only for bread, the greater part of the cost of which, by the way, is subsidized from the budget.

I understand very well how difficult it is now for the Georgian leader Eduard Shevardnadze—an authoritative politician; largely thanks to him, Georgia has been recognized by the world community; we get grain, humanitarian aid. But it is incredibly difficult to lead a country without a reliable team of like-minded people, I know this from my own experience. The situation that has developed in Georgia does not permit the leadership to stabilize the situation. There are a huge number of parties in Tbilisi, many people are dying to get to power. Political figures and government employees get killed in broad daylight. Terrorist groups act so brazenly and openly that no one is safe from a bullet or a bomb. We should not forget that over the past few years about 7,000 criminals have been released from prisons and armed in Georgia. Behind these people are their confederates; they are a force that has people in the parliament and ministries.... They do not want stability in Georgia; they benefit from conflicts and wars; they look for an opportunity to drag Ajaria too—the only unplundered territory of Georgia—into this messy bloody stream. All that is needed is a pretext for these gangster formations to cross our administrative borders under the guise of watching out for "state interests."

Assassination attempts and threats against me represent a search for precisely such an excuse. The recent dismissal from his duties of the 12th Russian military base commander, Major General Gladyshev, is an event of the same order. Over a very short time this man, a former Afghan war veteran, literally boosted the division, made it the best among Russian ground troops. It is hard to overestimate the division's contribution to the fact that Ajaria was not dragged into a war, and did not permit gangster formations on its territory. I do not want to think that by making this decision the leadership of the Russian Group of Forces in the Transcaucasus intended to weaken the autonomous republic's positions. Nevertheless, it does not make our task—preservation of peace in Ajaria—easier, especially now that the course toward rapprochement between Georgia and Russia is obvious and is supported by a majority of the population. I am sincerely sorry that the chief of the Georgian security service, instead of mobilizing all forces to combat the terrorism that keeps Tbilisi's political life paralyzed, apparently is busy strengthening his own power position. In the fact that despite the demands of the Georgian parliament and public Georgadze remains at the helm of the Ministry of Security, I see not the "hand of the Russian military brass," the myth to which effect he himself happily spreads, but rather those forces in Georgia who need to destabilize the situation in the state. As to Georgian-Russian relations, I am sure that the Russians know very well who has been and remains their friend. Ajaria has never participated in an anti-Russian campaign, on the wave of which many current politicians rose to power.

We had to stop the criminalization of society, which presented a great danger. We had to take, I will put it straight, nonstandard steps. As early as 1991 I went on television and outlined a program of creating a strong local police agency. I told crime bosses that I will not permit "dual power": "Work legally to the benefit of yourself and the republic," I said. Some of these people accepted my program. Others were neutralized or departed for other parts.

We implemented this action before tens of thousands of submachine guns were distributed to gangsters in Georgia. Of course, it was not easy for us, but we have avoided punitive measures and a stricter regime. We reorganized the police and equipped it well. Now tens of cars arrive at the site of an incident within minutes. People see for themselves that the police are strong and can protect them. They walk at night without fear and are not worried about their children. There are not too many places like this in the Caucasus. And when I am asked about my personal protection, I reply: No matter how good the leader's protection is, it will not keep him safe if the whole nation does not protect him. That is why I will never wear a bulletproof vest and will not create a special system of protection for myself personally—it is useless.

That life in Ajaria is not simple today is to a large extent the result of external factors. We see: Here is a window; it has shutters on it, and behind them is light. But we are not permitted to open the shutters. Lately resistance has been on the rise. It probably will be unfair to people who support us in Georgia, and Russia too, not to stand up to it. The technique of slander is most primitive. Just like in the proverb: Either he stole the coat or it was stolen from him, but, in short, something happened. The rumors that Ajaria engages in arms trading and drug trafficking, that Abashidze is "selling off the Georgian fleet," and that he has bought up all the banks in Ajaria pop up in the Russian press. They are being served by obliging journalists, behind whom are those forces in Georgia who want to drive a wedge in our relations with Eduard Shevardnadze and explode the peace in Ajaria.

Why is it that nobody demands proof from the people who write these things? What does morphine, which was discovered in the Turkish city of Trabzon in a transport from Azerbaijan, which had crossed three borders, have to do with Ajaria? What kind of flow of weapons would one have to move through a small Batumi customs—manned, by the way, by Russian border troops—to earn "billions of dollars"? It would take at minimum 100 years, and only a blind man would not notice such an operation!

We are even chided for using nonbudget funds to build bridges, schools, hospitals, sports and fitness complexes. We did indeed continue building civilian facilities even at the time when a battle raged on Rustaveli Avenue in Tbilisi. By the way, people from all over Georgia worked here—at the time, they did not have any other place to work. And on top of this, we have been able to exempt mountain regions' populations from taxes on land and fees for electricity, and to issue free kerosene and compressed gas. We recently opened a free economic zone [FEZ] on the basis of the Batumi port; extraction of natural gas is getting underway on the coastal shelf.

We have approached the point where we can solve Georgia's main problem—that of power generation. Figuratively speaking, the locomotive capable of pulling Georgia out of the economic crisis is already on the tracks. The lion's share of profits from the FEZ and gas will go, of course, into the state budget. But even what remains in Ajaria will be enough to pull up the local economy and culture and develop the resort business.

Batumi's geopolitical situation is such that all sensible politicians, all Caucasus states, eastern countries, and of course Russia have an interest in this region's development and stable situation. We have a good reason to count on very substantial investment in the FEZ on the part of large and strong companies, as well as on the state's interest in Batumi—we are already considering such projects. When serious capital starts working, a new powerful impulse for stabilization will emerge: Money knows how to protect itself.

Journalists recently asked me whether I am afraid that with the creation of the FEZ I will cease being a full-power leader in the republic. No, I am not afraid. I want to be the leader of a land, rayon, or city where people live well and bread is not distributed by ration card. Neither do I have designs on a higher position. The important part is how you handle your own. I am glad that the dynamics of Ajaria's movement is forward, despite all the difficulties and adversity, because our people want to work—not fight.

Latvia

Foreign Minister Views Uzbek President's Visit

LD0606103195 Moscow Mayak Radio Network in Russian 0800 GMT 6 Jun 95

[FBIS Translated Text] Uzbek President Islam Karimov arrives in Riga today on a two-day state visit. Here is our correspondent in Latvia, Innart Vkulnils:

[Vkulnils] President Karimov of Uzbekistan is the first president of a Central Asian state to visit Latvia. His delegation includes two deputy prime minister and the foreign minister. The presidents of the two states, Ulmanis and Karimov, will sign an agreement on friendship and cooperation. A range of other agreements will also be signed which cover transport, tourism, and cooperation in science and technology. Latvia attaches huge significance to this visit, and I asked Latvian Foreign Minister Valdis Birkavs for his comments on this visit:

[Begin Birkavs recording] Yes, we do indeed attach exceptionally great significance to this visit because Uzbekistan is a member of the CIS which conducts a very independent foreign policy. It is a very stable state. The prospects for good economic development are there. I think that the links now being developed with Uzbekistan are, I would say, a lot stronger and therefore very promising. We can expect a boost to our industry, our agriculture, and our transit corridor because Uzbekistan has a very large volume of trade with Great Britain, Germany, and Switzerland, and the best route — you won't find any better route — is through Latvia; and in my opinion, there is huge potential for us.

And I am very impressed by the businesslike attitude of the Uzbek leaders. They said they would open an air link, and already we have a plane flying via Riga to New York. The next route opens on 12 June: Tashkent-Riga-Tashkent. An embassy is now opening.

There are about 1,000 Uzbeks living in Latvia with their own cultural institutions. That is not a very large number, but, I believe, they too will benefit from business links and links with their mother country. [end recording]

German Investment Stalls as Economy Recovers

95P20816A Bonn GENERAL ANZEIGER in German 19 May 95 p 17

[Article by Georg Watzlawek: Latvia Sees Light at the End of the Tunnel: Hopes for Western Companies—Germans Give Up Forerunner Role in Riga]

[FBIS Translated Text] Latvia's economy is coming out of its deep crisis again, and the Germans are leaving. Up until now, they were seen as forerunners, but now "all the attraction has been lost in Latvia for German business," the German Industrial and Trade Association [DIHT] representative in Riga, Guntis Strazds, warns.

In 1994, the Federal Republic fell back from first to third in the investment rankings. This caution may come back to haunt them, because Latvia has made the preparations for regaining stability and now seems to be entering a more certain path to growth.

Regaining its freedom was painful for Latvia. The socialist plan had degraded the Baltic Republic to a satellite, whose economy served the needs of the Soviet Union alone. Every small bus, and almost every telephone and light bulb in the huge Soviet empire was produced in Latvia. Stalin resettled Russians there and made Latvians almost a minority in their own country, so that the oversized military complex could be supplied with enough workers.

After independence these inflated structures collapsed in 1991, and in three years industry shrank to half its previous capacity. But Latvia quickly opened to the West and in 1993 introduced its own currency, which has now been stable for 15 months. The austere fiscal policy is now reaping its first fruits: After the GNP decline was halted in 1994, the center-right government of Prime Minister Maris Gailis is expecting a modest growth of 4 percent this year. With an inflation rate of 25 percent, Latvia is tops in the former Soviet Union.

Export statistics show how far the structural change has progressed. Whereas 97 percent of all exports went to the former Soviet Union in 1991, three years later it was only 51 percent. The abrupt reversal of the flow of trade affects the survival chances of industries: machines and equipment as well as chemical products, which had previously comprised one-fifth of all exports, have now decreased by half.

In contrast, Latvia's own strengths began to show: Today wood products lead all exports at 21 percent (1991: nine). The change was rounded off by the increase in the private sector to atleast 60 percent of production. Services comprise half of this.

Germany is in second place for imports and exports after Russia which provides energy. According to the Riga statistical bureau, German goods worth 240 million marks (12 percent of Latvian imports) were imported, exports to Germany totaled 170 million marks, or one tenth of all exports. After the free trade agreement with the European Union came into force in January, practically all duties and restrictions have been eliminated from trade. A new stimulation for trade in the Baltic region is expected.

Large Firms are Holding Back

German firms have also been pioneers in joint ventures since 1988. Today there are about 200 German-Latvian joint ventures registered in Riga, of these a dozen are active in industry, the DIHT representative estimates. The large firms have held back up until now, and of the banks, only the Dresdner Bank is represented in Latvia, according to Strazds. The decrease in German direct investment is of concern. The Federal Republic was the leader in 1993 with 52 million marks, but last year it fell by 10 million down to third place, according to Strazds. The fact that the German Government has neither concluded an investment protection nor a dual taxation agreement with Latvia has had negative consequences. In contrast, Denmark has invested 160 million marks over three years in an ambitious telecommunications project, and the United States wants to invest 80 million dollars this year.

The example of the Karl Danzer Veneer Works shows how German firms can use the investment advantages of Latvia. The Reutlinger Company equipped a wood products factory that is today 100 percent geared toward exports, according to Strazds. With such projects, one can build on the raw materials, favorable transportation opportunities through three harbors, and above all a well-qualified, relatively inexpensive workforce. Besides the wood and furniture industries, the textile industry, in which leaders such as the Steilmann Group are operating, offers good opportunities.

Although wages are rising quickly and the Latvians are the top earners in the former Soviet Union, workers currently receive about 300 marks per month. Productivity is, on the average, about one third of the German level, DIHT estimates. But as the Danzer example shows, one can change this quickly through the introduction of new machines.

In addition, Latvia has finally cleared some obstacles. Since the beginning of the year, foreign companies can buy real estate. There are still problems with real estate registries.

The relationship with the Russians, who make up one third of the population, is still tricky. Although nobody wants to return to Russia, the older men are not satisfied with their new status in the country; they are excluded from the parliamentary elections at the end of September. The DIHT representative does not see any danger to the stability of the country, however. Strazds says he is expecting a government change after the elections, but the economic consensus between all the large Latvian parties will remain on the same economic path.

Lithuania

Landsbergis Urges Annulment of Pact With Latvia

WS0606094095 Tallinn BNS in English
1608 GMT 5 Jun 95

[FBIS Transcribed Text] Vilnius, June 5 (BNS) — Lithuanian opposition leader Vytautas Landsbergis has urged the country's president and prime minister to revoke their signatures under a recently signed sea border memorandum with Latvia.

At a news conference Monday [5 June], Landsbergis said the memorandum had already caused much political damage. According to international news reports, it is Lithuania, not Latvia, that claims part of "somebody's sea shelf," while Latvia only says that it has postponed the signing of an oil exploration contract for three months, the opposition leader noted.

Lithuanian President Algirdas Brazauskas has said that no work would be done in the disputed zone until the two countries reach final agreement.

"However, Latvia continues work not in the zone but in the United States and Sweden," Landsbergis noted. Prime Minister Adolfas Slezevicius also admits that Latvia might take advantage of its situation in talks with foreign companies, thus harming Lithuania's interests, he added.

Landsbergis urged the country's leadership to announce the text of both the memorandum and a document that Foreign Minister Gylys is believed to have signed during a visit to Riga last week.

The opposition leader said he would also suggest the parliament's Foreign Affairs Committee to adopt a statement urging to determine the Lithuanian-Latvian sea border on the basis of a 1982, not the older 1956 sea convention.

Latvian and Lithuanian leaders signed a memorandum of understanding on sea border during an unofficial meeting that was held May 20 in Lithuanian town of Maisiagala.

According to Latvian government sources, the document says that the sea border between the two neighboring Baltic countries would be determined "as the center line between the variants proposed by the two sides."

Opposition Leader on Demilitarization of Kaliningrad

WS0606094795 Vilnius ELTA in English 1733 GMT 5 Jun 95

[From "News Bulletin" No. 771]

[FBIS Transcribed Text] Vilnius, June 5 (ELTA) — "The prospects of the demilitarization of the Kaliningrad Region are becoming apparent, although slowly but firmly", said Vytautas Landsbergis, the Chairman of the Homeland Union (Lithuanian Conservatives) on Monday in his statement.

The leader of Seimas [parliament] right opposition related these prospects with peace and stability in Europe, as well as hopes of residents in this region about growth of economics and welfare.

In his opinion, real justification of Russian army could be only attacking and pressing strategy in the very centre of Europe, but then such a policy should be in a variance with the declarations of Russians about the end of the Cold War and increasing cooperation with the West. Russian Foreign Ministry started investigations in order to try to sell the above-mentioned fact as a "favour" and even to get a strategical payoff, the statement said.

The statement of Sergey Krylov, Russian Vice-Minister of Foreign Affairs, said that Poland, Lithuania, Latvia and Estonia should abandon their efforts in joining NATO, then Russia would withdraw its army from Kaliningrad.

The warnings of Krylov that Russia is ready, by various agreements, to hinder its western neighbours to join NATO reflect the Russian foreign policy being already carried out in Lithuania, Landsbergis said.

Now they want that the use of Lithuania's air space for military purposes is fixed, moreover they want to "agree on a political price" for demilitarization of Kaliningrad. All this comes from the expansion-like thinking, as those "spheres of influence" in the Molotov-Ribbentrop Pact, Landsbergis said in his statement.

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